This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2214

LISTED AUGUST 17, 1965
884,280 common shares without par value, of which 269,237 are subject to issuance
Ticker abbreviation "JUS"
Dial ticker number 1159
Post section 6.1

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

former "United Steel"

JAMES UNITED STEEL LIMITED

Incorporated under the laws of Canada by Letters Patent dated September 22, 1933.

CAPITALIZATION AS AT JULY 23, 1965

SHARE CAPITAL	AUTHORIZED	ISSUED	TO BE LISTED
6% Convertible Redeemable Preference Shares with a par value of $100 each	2,053	2,053	—
Common Shares without par value	1,000,000	615,043	*884,280

* of which 153,846 shares are reserved for issuance upon conversion of 6½% Convertible General Mortgage Bonds Series A, 32,848 are reserved for issuance upon conversion of Preferred shares, 57,543 are allotted for issuance under a rights offering to shareholders and 25,000 are allotted for issuance as part consideration for the purchase of property.

July 23, 1965.

1. APPLICATION

JAMES UNITED STEEL LIMITED (hereinafter called the "Company") does hereby make application for the listing on The Toronto Stock Exchange of 884,280 common shares without par value of which 269,237 are to be listed subject to issuance.

2. HISTORY

The Company was incorporated under the laws of Canada in 1933 under the name United Steel Corporation Limited, and in the same year acquired the assets of Dodge Manufacturing Company and in 1934 secured control of Standard Steel Construction Company Limited operating at Port Robinson, Ontario. On January 18, 1965, the Company was placed in Receivership with The Clarkson Company Limited named as Receiver and Manager. Through negotiations with Consolidated James Equipment Limited (James), the business of James and its subsidiaries was purchased by the Company, the transaction being approved by shareholders with a consolidation of shares and agreement under a Plan of Compromise or Arrangement with creditors and bondholders under the Companies Creditors Arrangement Act (Canada). The Plan of Compromise or Arrangement was sanctioned by the Supreme Court of Ontario on July 2, 1965. Reference is made to a prospectus of the Company (hereinafter called the "prospectus") attached hereto.

3. NATURE OF BUSINESS AND NUMBER OF EMPLOYEES

The Company produces a wide variety of medium to heavy type of steel fabrications and structural steel for building bridges and other installations. The Company also distributes propane equipment throughout Canada and manufactures propane storage tanks and special industrial equipment and is a prominent supplier to the asbestos industry. Reference is made to the prospectus of the Company for a more detailed review of the business of the Company. The Company and its subsidiaries employ approximately 460 employees.

4. INCORPORATION AND CAPITAL CHANGES

Your applicant was incorporated under the Companies Act by letters patent dated the 22nd day of September, 1933 with an authorized capital consisting of 80,000 Class "A" preference shares of the par value of $25 each, 10,000 Class "B" preference shares without nominal or par value and 300,000 common shares without nominal or par value subject to increase of such capital stock under the provisions of said Act and there is provision in the letters patent of incorporation that the said shares without nominal or par value may be allotted for such consideration as the directors may from time to time determine not exceeding, in the case of Class "B" preference shares, $94 per share and in the case of common shares $1 per share.

By supplementary letters patent issued to your applicant and dated the 24th day of August, 1936, the authorized capital of your applicant was increased from 80,000 Class "A" preference shares of the par value of $25 each, 5,000 Class "B" preference shares without nominal or par value and 300,000 common shares without nominal or par value to 80,000 Class "A" preference shares of the par value of $25 each, 5,000 Class "B" preference shares without nominal or par value and 500,000 common shares without nominal or par value by the addition of 200,000 new common shares without nominal or par value. The said supplementary letters patent further provided a conversion privilege to be attached to the Class "B" preference shares providing for the conversion thereof into common shares on the basis set out in the said suplementary letters patent.

Supplementary letters patent were issued to your applicant bearing date the 20th day of December, 1938, whereby the authorized capital of your applicant was reduced by the amount of capital surplus of $139,100 resulting from the purchase for cancellation by your applicant of 11,128 Class "A" preference shares which were so purchased for cancellation out of the proceeds of an issue of Class "B" preference shares made for the purpose of such purchase and cancellation.

Supplementary letters patent were issued to your applicant bearing date the 15th day of November, 1956, reducing the authorized capital stock of your applicant

(a) by the cancellation of 5,000 Class "B" preference shares without nominal or par value theretofore issued and subsequently converted into common shares;

(b) by the cancellation of 11,128 Class "A" preference shares of the par value of $25 each theretofore issued and subsequently purchased by your applicant for cancellation; and

(c) (i) by the cancellation of 23,758 Class "A" preference shares of the par value of $25 each theretofore issued and subsequently redeemed by your applicant, and

(ii) by restoring to earned surplus of your applicant the sum of $629,587, being the amount designated on the books of the Company as the capital surplus resulting from the redemption of the said 25,758 Class "A" preference shares.

The said supplementary letters patent declared the capital stock of the Company to consist of 45,114 Class "A" preference shares of the par value of $25 each and 500,000 common shares without nominal or par value with the provision that the consideration for the issue of the then 30,475 unissued common shares without nominal or par value should not exceed $1 per share.

Supplementary letters patent were issued bearing date the 16th day of April, 1957, whereby the authorized capital stock of your applicant was increased by the creation of 250,000 additional common shares without nominal or par value to rank pari passu in all respects with the 500,000 common shares without nominal or par value of the capital stock of the Company theretofore authorized. The said supplementary letters patent declared the capital stock of the Company to consist of 45,114 Class "A" preference shares of the par value of $25 each and 750,000 common shares without nominal or par value, with the provision that the aggregate consideration for the issue of the said 750,000 common shares without nominal or par value shall not exceed in amount or value the sum of $4,000,000 or such greater amount as the Board of Directors of the Company may deem expedient and as may be authorized by the Secretary of State of Canada on payment of the requisite fees applicable to such greater amount.

Supplementary letters patent were issued bearing date the 28th day of June, 1965, under which the name of the Company was changed to its present name and the then existing Class "A" preference shares were cancelled, 2,053 6% cumulative redeemable convertible preferred shares were created, the common shares without nominal or par value were consolidated on a 10 for 1 basis and the capital was then increased to create an additional 925,000 common shares without nominal or par value so that the authorized capital consisted of 2,053 preferred shares of the par value of $100 each and 1,000,000 common shares without nominal or par value.

5. SHARES ISSUED IN THE PAST TEN YEARS

Other than the shares referred to in the prospectus the only shares issued during the past ten years were as follows:

(i) May 31, 1957, 103,905 common shares were issued pursuant to a rights offering to shareholders at a price of $11 per share;

(ii) June 1, 1959, 2,000 shares were issued to an executive officer pursuant to an employees' option at a price of $11 per share.

6. STOCK PROVISIONS AND VOTING POWER

For full particulars of the rights, preferences and priorities attaching to the shares of the Company, reference is made to paragraph 8 of the Statutory Information forming part of the prospectus. The preferred and common shares of the Company each carry the right to one vote per share for all purposes.

THE CLARKSON COMPANY LIMITED

TRUSTEES, RECEIVERS, LIQUIDATORS

ESTABLISHED 1864

15 WELLINGTON STREET WEST
TORONTO 1, CANADA

J. L. BIDDELL, F.C.A.
LICENCED TRUSTEE

OFFICES AT:
HALIFAX, QUEBEC, MONTREAL, OTTAWA, TORONTO, HAMILTON, KITCHENER, LONDON, WINDSOR, WINNIPEG, REGINA, CALGARY, EDMONTON, VANCOUVER

J. L. BIDDELL, F.C.A.
G. P. CLARKSON, F.C.A.
W. A. FARLINGER, C.A.
D. L. GORDON, F.C.A.
G. G. RICHARDSON, F.C.A.

CABLE ADDRESS: CLARKSON, TORONTO
TELEPHONE: 368-2751
(AREA CODE 416)

December 30, 1965.

Tawn

To The Unsecured Creditors Of
United Steel Corporation Limited

Dear Sirs:-

We enclose a summarized statement of the assets and liabilities in the hands of the Trustee for creditors together with a condensed statement of profit and loss reflecting the Company's transactions for the period January 1 to August 31, 1965.

We regret to advise that the estimates made earlier this year as to the probable recovery for unsecured creditors in this matter have not been borne out and it now appears that creditors can only look forward to about twenty cents on the dollar. The probability is that payment of this amount will not be made until June of 1967.

The substantial decrease in the current estimates of recoveries has come about largely through inability to collect a great part of the accounts receivable appearing on the Company's books at the time the Receiver and Manager was appointed in January of this year. A number of the Company's larger customers have gone into bankruptcy in the intervening period and many of the others have raised serious disputes concerning the amounts claimed by United Steel Corporation Limited on construction contracts and concerning the quality of the work and the performance of equipment installed by United Steel Corporation Limited.

Very much larger costs than had been anticipated were encountered in the completion of a number of the construction contracts which the Company was engaged when the Receiver was appointed and this factor together with the losses on receivables (which will run to $1,067,000 as compared with the reserve of $208,000 which the Company was carrying on its accounts) have been the major factors in the decrease in the amounts available to the ordinary creditors. We are in the process of suing many of the customers in an attempt to recover amounts which appear to be owing to United Steel Corporation Limited but we do not think that it would be reasonable to anticipate a very much larger return from the receivables than the amount of $2,554,000 shown on the estimated statement of affairs at August 31, 1965.

We are still attempting to reconcile the claims of many of the unsecured creditors and it is possible that the total claims of these creditors may amount to as much as $2,500,000 rather than the $2,200,000 figure shown on the statement.

The major problems involved in the liquidation, including the settlements which are proposed in the larger accounts receivable, will be discussed with the Committee of creditors as this matter proceeds and a final report of the administration of the assets by the Receiver and Manager and the Trustee will be submitted to creditors prior to the date of the Trustee's discharge.

Yours very truly,

The Clarkson Company Limited

J. L. Biddell/fel
Encls.

THE CLARKSON COMPANY LIMITED

TRUSTEES RECEIVERS LIQUIDATORS

15 WELLINGTON STREET WEST
TORONTO 1, CANADA

[illegible]

To The [illegible] Creditors of
United Steel Corporation Limited

Dear Sirs:

We enclose [illegible]

[illegible]

Yours very truly,

[illegible]

UNITED STEEL CORPORATION LIMITED

ESTIMATED STATEMENT OF AFFAIRS
AS AT AUGUST 31, 1965

ASSETS

Accounts receivable	$2,554,000
Inventories	472,000
Pelham mortgage	320,000
James United mortgage	750,000
Equipment, etc.	452,000
Cash on deposit	576,000
	$5,124,000

LIABILITIES

Bank loans	$2,025,000
Bondholders	1,665,000
Receiver's liabilities	352,000
Preferred claims	181,000
Receivership costs	325,000
Operating expense	49,000
Interest cost (net)	95,000
Available for ordinary claims ($2,200,000)	432,000
	$5,124,000

UNITED STEEL CORPORATION LIMITED

STATEMENT OF DEFICIENCY
JANUARY 1 TO AUGUST 31, 1965

Balance at credit January 1, 1965		
Common shares	$3,031,406.61	
Consolidated surplus as at December 31, 1963	379,014.43	
	$3,410,421.04	
Less loss for the year 1964	601,407.37	$2,809,013.67
Deduct:		
Loss before depreciation for the period January 1 to August 31, 1965	$ 693,062.65	
Additional provision required for doubtful accounts	859,368.07	
Losses on realization of inventories	1,160,702.89	
Excess of net book value of fixed assets over proceeds realized therefrom	840,010.30	
Provision for estimated amounts payable into pension funds	375,000.00	
Deferred expenses written off	136,423.31	
Goodwill written off	5.00	
Cost of obtaining release from leases	75,000.00	
Provision for fees and expenses of liquidation	350,000.00	4,489,572.22
Balance at debit August 31, 1965		$1,680,558.55

SUMMARY

Ordinary claims	$2,200,000.00
Less deficiency as above	1,681,000.00
Available as at August 31, 1965	$ 519,000.00
Less estimated subsequent operating expenses and net interest	87,000.00
Available for ordinary claims	$ 432,000.00

UNITED STEEL CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT
JANUARY 1 TO AUGUST 31, 1965

Sales		$5,958,696.22	
Interest income	$ 5,445.86		
Rent income	7,197.49		
Cash discount earned	1,665.28		
Sundry income	6,241.23	20,549.86	$5,979,246.08
Cost of sales		$5,600,401.74	
Indirect expenses		858,099.98	
Tax penalties	$ 17,336.72		
Interest - bank and sundry	145,650.34		
- bonds	39,513.82		
Bank charges	2,142.35		
Cash discount allowed	9,163.78	213,807.01	6,672,308.73
Loss before depreciation			$ 693,062.65

7. DIVIDEND RECORD

The Company paid dividends continuously for many years on its common shares up until 1959. The Company also paid dividends on its Class "A" preference shares until 1956 when all outstanding preference shares were redeemed.

8. RECORD OF PROPERTIES

Information as to the properties and plants of the Company and its subsidiaries is set out in the prospectus.

9. SUBSIDIARY COMPANIES

The subsidiary companies are as follows:

Consolidated James Equipment Limited
James Equipment Limited
Calgary Steel Tank Limited
Hall Machinery Limited
Toronto Foundry Company Limited
London-Gilbert Steel Limited
Standard Steel Construction Company Limited

All subsidiaries are wholly owned. Reference is made to the prospectus for further information.

10. FUNDED DEBT

Information as to the funded debt of the Company is set out in the prospectus.

11. OPTIONS, UNDERWRITINGS, ETC.

There are no outstanding options, underwritings, sale agreements or other contracts of like nature with respect to any unissued shares or issued shares held for the benefit of the Company except as specifically set out in the prospectus.

12. LISTING ON OTHER STOCK EXCHANGES

The common shares of the Company are listed for trading on the Montreal Stock Exchange.

13. STATUS UNDER SECURITIES ACT

Reference is made to the prospectus.

14. FISCAL YEAR

The fiscal year of the Company ends on December 31.

15. ANNUAL MEETING

The by-laws of the Company state that the annual meeting is to be held on the fourth Monday of April in each year or at such other time as the Board of Directors may determine. The last annual meeting was held on April 27, 1964.

16. HEAD AND OTHER OFFICES

The head office of the Company is located at 330 University Avenue, Toronto, Ontario. The administrative offices of the Company are located at 816 - 7th Avenue S.W., Calgary, Alberta.

17. TRANSFER AGENT AND REGISTRAR

The Royal Trust Company in Toronto and Winnipeg and the Eastern and Chartered Trust Company in Montreal are the transfer agents of the Company's shares. The Royal Trust Company is the registrar of the Company's shares in Toronto and Winnipeg and the Eastern and Chartered Trust Company is the registrar of the Company's shares in Montreal. Share certificates are mutually interchangeable.

18. TRANSFER FEE

No fee is charged on stock transfers other than the customary governmental stock transfer taxes.

19. AUDITORS

Peat, Marwick, Mitchell & Co., 4 King Street West, Toronto, Ontario, are the auditors of the Company.

20. OFFICERS

George Maxwell Bell	Chairman of the Board	1031 Durham Avenue S.W., Calgary, Alberta
James Fraser MacArthur	President and Managing Director	1331 - 15th Street N.W., Calgary, Alberta
James Morrison Pryde	Vice-President and Treasurer	2118 - 7th Street S.W., Calgary, Alberta
James Grant Mitchell	Vice-President	204 Victoria Avenue, Sherbrooke, Quebec
Alexander Shaw Williamson	Secretary	328 - 37th Avenue S.W., Calgary, Alberta
Gerald Francis Hayden	Assistant Secretary	31 Arjay Crescent, Willowdale, Ontario
Harry Earl Beaton	Comptroller and Assistant Treasurer	2319 Juniper Road N.W., Calgary, Alberta

21. DIRECTORS

George Maxwell Bell	Executive	1031 Durham Avenue S.W., Calgary, Alberta
James Fraser MacArthur	Executive	1331 - 15th Street N.W., Calgary, Alberta
James Morrison Pryde	Executive	2118 - 7th Street S.W., Calgary, Alberta
Alexander Shaw Williamson	Queen's Counsel	328 - 37th Avenue S.W., Calgary, Alberta
James MacKenzie Thomson	Barrister and Solicitor	704 Durham Avenue S.W., Calgary, Alberta
Harold J. Egan	Chartered Accountant	6188 Shirley Street, Halifax, Nova Scotia
Douglas Rudyard Annett	Investment Dealer	80 Glengrove Avenue West, Toronto, Ontario
Gerald Francis Hayden	Queen's Counsel	31 Arjay Crescent, Willowdale, Ontario

There are three vacancies on the Board of Directors.

CERTIFICATE

Pursuant to a resolution passed by its Board of Directors, the applicant hereby applies for listing the above mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

JAMES UNITED STEEL LIMITED

Corporate Seal

"J. F. MacARTHUR"
President

"GERALD F. HAYDEN"
Assistant Secretary

This prospectus is not and under no circumstances is to be construed as an offering of these securities for sale in the United States of America or in the territories or possessions thereof.

New Issue

James United Steel Limited

(Incorporated under the laws of Canada)

57,543 Common Shares

without nominal or par value

The Company is issuing to the holders of its common shares without nominal or par value, other than the holders of common shares issued on June 30, 1965 specifically excluded by agreement, of record at the close of business on September 15, 1965 transferable subscription warrants evidencing the right to subscribe for one additional new common share without nominal or par value in its capital stock for each one new common share without nominal or par value resulting from the consolidation on June 28, 1965 of each ten shares into one new share. Subscriptions will not be accepted from any person resident in the United States of America or any territory or possession thereof but shareholders so resident may sell and transfer their warrants.

THE RIGHT TO SUBSCRIBE FOR COMMON SHARES AS EVIDENCED BY THE SUBSCRIPTION WARRANTS EXPIRES AT 4:00 P.M. (TORONTO TIME) ON OCTOBER 15, 1965.

THIS IS A SPECULATIVE SECURITY

Subscription Price: $6.00 per share

Canadian funds payable upon subscription on the terms and conditions set out in the subscription warrants.

The listing of the common shares of the Company on the Montreal Stock Exchange and The Toronto Stock Exchange has been approved subject to the filing of documents and the furnishing of evidence of satisfactory distribution.

Annett & Company Limited as underwriters have agreed that it will purchase at $6.00 per share all of the said common shares offered and not duly purchased (see heading "Financing" below).

The offering price of $6.00 per share was determined after negotiation with the underwriter.

JAMES UNITED STEEL LIMITED
(letterhead)

ANNETT & COMPANY LIMITED,
220 Bay Street,
Toronto 1, Ontario.

September 14, 1965

Dear Sirs:

James United Steel Limited (the Company) was incorporated under the laws of Canada in 1933 under the name of United Steel Corporation Limited, and in the same year acquired the assets of Dodge Manufacturing Company Limited and Canadian Mead-Morrison Company Limited. In 1934 through an exchange of shares the Company gained control of Standard Steel Construction Company Limited of Port Robinson, Ontario, and by 1941 had acquired all outstanding shares of that company. The business formerly carried on by these companies was carried on after 1941 by divisions of the Company bearing the same names.

The Company was successful until 1956 when it showed record earnings of $1,046,448. Since that year earnings have declined with losses commencing in the year 1960. The loss for 1960 was $334,992, for 1961 $1,566,311, for 1962 $2,632,024, and for 1963 $452,417. The previous management reported to shareholders that the Company's decline in earnings resulted principally from insufficient working capital and extremely keen competition in the industry. On January 18, 1965 The Clarkson Company Limited was appointed Receiver and Manager of the Company and between that date and September 13, 1965 when The Clarkson Company Limited was discharged, the Company carried on its business through the Receiver and Manager. In the course of the receivership certain unproductive assets of the Company were sold and the operations of the Company were consolidated at its plant at Port Robinson, Ontario which is considered to be a modern and efficient structural steel plant. The new management has decided to discontinue certain marginal product lines and to concentrate on the expansion in operations provided by the acquisition of Consolidated James Equipment Limited (Consolidated) and its subsidiaries, details of which are outlined below.

Successful negotiations with the shareholders of Consolidated resulted in the entering into of an agreement (the May agreement) made as of the 6th day of May, 1965 whereunder provision was made:

(a) for the purchase of all of the shares of Consolidated. This purchase was approved by the shareholders of the Company and duly completed.

(b) for the entering into of a plan of compromise and arrangement (see heading "Compromise and Arrangement with Creditors" below), under the Companies' Creditors Arrangement Act (Canada). This plan was approved by creditors (including bondholders) other than unsecured creditors entitled to priority under the Bankruptcy Act (Canada) and the shareholders of the Company and was sanctioned by the Supreme Court of Ontario on July 2, 1965. The arrangements contemplated by the plan were subsequently completed with the result that the Company is now out of receivership, has retained ownership of its Port Robinson plant and operations on a continuing basis, and has no liabilities to the creditors covered by the plan including bondholders excepting to pay certain amounts to the trustee as more fully described below.

(c) for the change of name of the Company from United Steel Corporation Limited to James United Steel Limited which change was effected by Supplementary Letters Patent dated June 28, 1965.

(d) for the reorganization of the share capital of the Company also more fully described below.

(e) for the financing of the Company also more fully described below.

Further particulars relating to the company are as follows:

THE OPERATIONS OF THE COMPANY

Port Robinson Plant

This plant produces a wide variety of medium to heavy type of steel fabrications and structural steel for buildings, bridges and other installations. The plant is capable of carrying out erection of steel structures that it produces. Some of the products the plant has made are ore bridges, tunnel forms, radio transmission towers, steel storage tanks, pressure vessels, aluminum and stainless steel weldments, dust collectors, crane bridge girders and trucks, Bailey bridges, heavy counterweight chains, platforms, pipe handrailing, ladders, precipitators, preheaters, conveyor frames and pipe bridges, flotation cells, smoke stacks, monorails, sluice gates, stop log gates, gate followers, pier nosings and heat exchangers.

The Port Robinson plant has 125,000 square feet of manufacturing area. Maximum overhead crane capacity in the fabricating shop is 10 tons and in the yard is 20 tons.

The plant has produced and is capable of producing machinery and equipment substantially the same as that being produced in the Sherbrooke plant referred to below. Since the latter plant has a large backlog of orders, studies are underway which may result in some of the operations and products manufactured at Sherbrooke being transferred to the Port Robinson plant. Such a transfer could result in reduced manufacturing costs for both the Port Robinson and Sherbrooke plants.

Operations Acquired from Consolidated

Immediately after the acquisition by the Company of the shares of Consolidated the Company acquired the business and certain assets of James Equipment Limited (James) a wholly-owned subsidiary of Consolidated incorporated under the laws of the Province of British Columbia.

Consolidated was incorporated by Mr. J. F. MacArthur and Mr. J. M. Pryde in November 1951 as a private company under the laws of the Province of Alberta to engage in the distribution of parts and fittings to the liquified petroleum gas (LPG) industry. In 1956 James acquired all of the shares of Calgary Steel Tank Limited, which had been founded in 1952 to manufacture domestic and farm propane storage tanks.

During the years 1960 and 1961 Consolidated acquired all of the common shares of Hall Machinery of Canada Limited, Sherbrooke, Quebec, which was incorporated in 1943 under the laws of the Province of Quebec to manufacture mine, mill and special industrial machinery with particular emphasis on machinery used in the asbestos industry. In 1962 the assets of Calgary Steel Tank Limited and Hall Machinery Limited and substantially all of the assets of Consolidated were sold to James. As of the date of acquistion by the Company of the shares of Consolidated, Consolidated, through James, had warehouses and sales branches in

Calgary, Edmonton, Vancouver and Toronto, had sales branches in Montreal and Winnipeg, and had manufacturing plants in Calgary (the Calgary Plant) and Sherbrooke (the Sherbrooke Plant).

In addition to the business carried on in the Calgary Plant and the Sherbrooke Plant referred to below, the Company is a wholesaler and jobber of all types of parts and fittings of machinery used primarily in the LPG industry. These lines have recently been expanded to include valves and pipe fittings used in the oil and gas industries.

There are no other national companies competing with the Company in the field of LPG parts on as wide a range of products and it has about 75% of the available Western Canadian market for LPG parts and accessories.

An important phase of the business of the Company is related to the supply and construction of propane standby and peak shaving plants for natural gas systems. The natural gas lines in Canada, originating in Alberta, are approaching capacity. As a result the market for standby plants is markedly growing since gas distributors invariably install propane fueled peak shaving plants for load protection. An increasing number of standby plants have been supplied during the past four years.

Calgary Plant

The Company manufactures steel propane storage tanks for the Western Canada market at this Plant. These tanks are for LPG farm storage and are predominantly of the 500 and 1,000 gallon size. It also manufactures large storage tanks for rural bulk stations and tanks for delivery truck and highway transport units. Of the tanks sold in Western Canada in 1964, approximately 75% were manufactured in the Calgary Plant. American-made tanks are virtually non-existent in Canadian market, principally due to the 22½% tariff imposed upon them.

In addition to the fabrication work directly connected with the propane industry, this Plant produces custom pressure vessels for gas and oil processing plants.

Sherbrooke Plant

The Company carries on the manufacture of heavy industrial equipment at this Plant. The Plant is well equipped and is competent in the manufacture of almost any type of heavy industrial equipment. In recent years considerable success has been attained in manufacturing equipment for the asbestos industry in part due to patents, the main patent covering a special type of screen which is used exclusively by all the asbestos producers in Canada. Other machinery such as asbestos ore grinders, treaters, fiberizers and presses are also manufactured. Though the bulk of the business has been with the asbestos industry, a great deal of equipment has been manufactured for mines, mills, and paper plants in the general Montreal area, and the Company also does extensive machine jobbing work and repair service at this Plant.

In September 1963 James was successful in negotiating a large export asbestos machinery contract for this Plant. The contract was for approximately $5 million and is to be completed by December 31, 1965.

This Plant is also equipped to produce propane storage tanks and tank truck units similar to those produced in the Calgary Plant.

PLANT FACILITIES OF THE COMPANY

Fixed assets of the Company and its subsidiaries may be described briefly as follows:

Land:

(a) 37.72 acres of industrial acreage at Port Robinson, Ontario.

(b) 8.14 acres more or less of fully serviced light industrial acreage on trackage in Calgary's Manchester industrial subdivision.

(c) 8.2 acres of industrial acreage in Sherbrooke, Quebec, bounded on one side by the St. Francois River, and on the other by the C.N.R. The land is serviced by three rail spur lines.

Buildings:

(a) The Port Robinson Plant consists of 114,100 square feet of covered industrial facilities.

(b) The Calgary Plant consists of approximately 20,000 feet of steel and concrete block construction, fully finished, heated, and serviced.

(c) The Sherbrooke Plant consists of four main buildings, comprising almost 100,000 square feet of usable space. All have travelling cranes of varying capacities.

Equipment:

(a) The Port Robinson plant has all the facilities for carrying on the structural steel business and contains the necessary equipment for a heavy industrial plant, including material handling equipment, heavy punch presses, brake presses, heavy roll forming equipment, heavy shears, overhead cranes, erection equipment and mobile cranes, compressors and welding equipment, full machine shop facilities, horizontal and vertical boring mills, heavy engine lathes, fabricating facilities, heavy weldments, 120 foot burning gantry and a wheelobrator for treating and cleaning steel.

(b) The Calgary Plant is principally a steel plate fabrication shop. The equipment consists of overhead cranes, plate rolls, crimps, automatic welders, hoists, X-ray machines, conveyors, compressors, and other industrial equipment.

(c) The Sherbrooke Plant equipment is extensive but consists primarily of scores of lathes of all different types and sizes, boring mills, horizontal and vertical drills, planers, grinders, plate rolls, crimps, automatic welding equipment and virtually everything required for a heavy custom machine business.

EARNINGS OF CONSOLIDATED JAMES EQUIPMENT LIMITED

A statement of the consolidated earnings of Consolidated and its subsidiary companies for the five fiscal years ended January 29, 1965 and the period ended April 23, 1965 together with the notes thereto and the report of the auditors is as follows:

CONSOLIDATED JAMES EQUIPMENT LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Earnings

For the five fiscal years ended January 29, 1965 and for the period ended April 23, 1965

	Consolidated earnings before depreciation and amortization, interest and income taxes	Depreciation and amortization	Interest		Income taxes Notes 2 and 4	Net Earnings (Loss)
			Long term debt	Other		
Fiscal year ended January 31, 1961	$ 51,404	$23,663	$ 7,012	$63,172	$ 18,100	$(60,543)
" " " January 31, 1962	241,455	42,362	61,517	42,472	100,460	(5,356)
" " " February 1, 1963	271,557	63,106	73,402	32,581	14,654	87,814
" " " January 31, 1964	265,425	59,213	62,555	33,104	8,740	101,813
" " " January 29, 1965	666,076	73,858	61,988	43,896	75,500	410,834(3)
Period ended April 23, 1965	394,424	14,797	14,216	16,150	125,000	224,261(3)

Notes:

1. The consolidated statement of earnings includes the operating results of Consolidated James Equipment Limited and all of its subsidiary companies, James Equipment Limited, Calgary Steel Tank Limited, Hall Machinery Limited and Hall Machinery of Canada Limited (sold May 1961). All intercompany transactions have been eliminated on consolidation.
2. Although the consolidated operations for the fiscal years ended January 31, 1961 and 1962 resulted in losses, income taxes were payable because certain of the Companies in the group had taxable income. The income taxes for the fiscal years ended February 1, 1963 and January 31, 1964 have been determined after taking into account losses of prior years, where applicable.
3. The net earnings for the fiscal year ended January 29, 1965 and for the period ended April 23, 1965 include earnings from a large export sales contract negotiated by a subsidiary company, which contract is expected to be completed by December 31, 1965.
4. For the fiscal year ended January 29, 1965 and for the period ended April 23, 1965 a subsidiary company, under the provisions of the Income Tax Act, has deducted for purposes of determining taxable income certain costs in excess of costs included in reported earnings and has excluded from taxable income certain income in respect of a long term contract which has otherwise been reflected in the accounts. The amounts involved and the relative reduction in taxes otherwise payable are as follows:

	Reduction of income subject to tax	Reduction in taxes otherwise payable
Fiscal year ended January 29, 1965	$345,000	$170,000
Period ended April 23, 1965	105,000	50,000
	$450,000	220,000

Accordingly in future years taxable income will be increased by an aggregate amount of $450,000 in excess of reported earnings.

5. By agreements dated (i) July 2, 1965 all of the current assets, patents and operations of James Equipment Limited were transferred to James United Steel Limited effective July 1, 1965, (ii) July 5, 1965 leases effective July 1, 1965 were granted to James United Steel Limited on the land, buildings and equipment comprising the plants at Sherbrooke and Calgary.

Auditors' Report

To the Directors
Consolidated James Equipment Limited

We have examined the consolidated statement of earnings of Consolidated James Equipment Limited and subsidiary companies for the five fiscal years ended January 29, 1965 and for the period ended April 23, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statement of earnings together with the notes thereto presents fairly the results of operations of Consolidated James Equipment Limited and subsidiary companies for the five fiscal years ended January 29, 1965 and for the period ended April 23, 1965, in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta
September 14, 1965

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

FUTURE PLANS AND BUSINESS OUTLOOK

The immediate plans entail the integration of the various businesses of the Company. As noted above this may involve the transfer of some operations to the Port Robinson Plant the operations of which having already shown an encouraging trend as there was a cash operating profit during 1965 to June 30. Indications are that this plant will again become an important profit earner.

In the foreseeable future the Company's principal sales and profits will be derived from three sources; the business of manufacturing and selling heavy industrial equipment, such as the asbestos mill machinery presently being manufactured for export; the structural components fabricated by the Port Robinson plant; and the LPG industry.

The most important single factor affecting the growth of the LPG industry is the availability and price of propane. The Western Canadian portion of the industry has had an unusual growth, principally due to the fact that propane has been available in large quantities and at reasonable prices. The converse is true in Ontario and Quebec with the result that Canadian per capita consumption is only 40% of that in the United States. Today production from Western Canadian plants is fast exceeding consumer demand and the resulting excess production must be marketed. The logical markets are Eastern Canada, principally Ontario and Quebec, and the Pacific Northwest.

The increased availability of propane in Western and Eastern Canada will obviously affect favourably the sales of the Company, both in jobber lines and manufactured items such as propane storage tanks and transportation units. Tank production at the Sherbrooke Plant should benefit greatly through this expected increase in use of propane in Eastern Canada.

Management is also studying several projects, which could lead to significant diversification and broadening of the Company's business.

MANAGEMENT

Many of the Company's directors and officers are substantial shareholders of the Company. Three of the directors own in the aggregate more than 420,000 common shares of the Company being 60% of the outstanding common shares.

The management of the Company were all associated with Consolidated and are as follows:

George Maxwell Bell, of Calgary, is Chairman of the Board of Directors of the Company. Mr. Bell is a well known Canadian businessman and has been associated with the publication of newspapers since 1935 and this continues to be his principal interest and activity. He is chairman of the board and a director of F. P. Publications Limited which controls several daily newspapers in Canada. Mr. Bell has been active in the development of the Western Canadian oil and gas industry and is a director of the Canadian Pacific Railway Company and a chartered bank. Mr. Bell is a substantial shareholder of the Company.

James Fraser MacArthur, of Calgary, is President and Managing Director of the Company. Mr. MacArthur's business background has been primarily in sales and management. In 1949 he joined Western Propane Limited and became general manager of that company in 1952, at which time he left to form Consolidated James Equipment Limited. For the past 16 years Mr. MacArthur has been closely associated with the oil and gas industry in Western Canada and in particular with the manufacture, distribution and sale of equipment used in the propane industry. He is a substantial shareholder of the Company.

James Morrison Pryde, of Calgary, is Vice-President and Treasurer and a director of the Company. Mr. Pryde is a graduate engineer from McGill University and is president of Pryde Flavin Consultants Ltd., consulting engineers. During the past 15 years he has been actively engaged in consulting engineering work serving the oil, gas and chemical industries in Western Canada. Mr. Pryde is a substantial shareholder of the Company.

James Grant Mitchell, of Sherbrooke, Quebec, is Vice-President (Eastern Division) of the Company. Mr. Mitchell is a graduate engineer of Queen's University. For a number of years he was associated with the railway car division of Canadian Car Company Limited, of which he was vice-president, general manager and a director. Mr. Mitchell is in charge of the Port Robinson and Sherbrooke operations of the Company.

Harry Earl Beaton, of Calgary, is Comptroller and Assistant Treasurer of the Company. Mr. Beaton was for many years with a well known Canadian chartered accountancy firm where he qualified for his degree in chartered accountancy. He has been with Consolidated for the past three years.

COMPROMISE AND ARRANGEMENT WITH CREDITORS

The plan of compromise and arrangement as sanctioned by the Supreme Court of Ontario in effect discharges and frees the Company of its prior debts and liabilities including its previously outstanding First Mortgage Serial and Sinking Fund Bonds Series A which have been discharged. The Port Robinson land, buildings, equipment and inventories continue to be owned and operated by the Company. All of the remaining assets as at June 29, 1965 except shares of wholly-owned subsidiary companies have been turned over to The Clarkson Company Limited for liquidation and payment of the net proceeds to a trustee for creditors described in the plan of compromise and arrangement. The Company has agreed to pay to the said trustee an amount of $1,600,732 of which $550,732 has been paid in cash and the balance by delivery of a promissory note dated June 30, 1965 in the amount of $1,050,000. This note matures on June 30, 1967 and bears simple interest payable annually at the rate of 6%. It provides that $300,000 of the principal amount thereof is payable on August 31, 1965 which amount was paid and that if on June 30, 1966 a further amount of $400,000 is paid on the principal of the note, plus the interest accrued to that date, the balance of the amount owing on the note shall not bear interest until maturity. Interest shall commence to run again at June 30, 1967 if the note has not been paid in full at that date. The note is secured by a first charge by way of a land mortgage and a chattel mortgage on all the land, buildings and equipment which at June 30, 1965 comprised the Port Robinson operations of the Company.

REORGANIZATION OF CAPITAL

Immediately prior to the issue of Supplementary Letters Patent on June 28, 1965 the share capital of the Company consisted of 45,114 Class "A" preference shares of the par value of $25 each none of which were issued and 750,000 common shares without nominal or par value of which 575,430 were issued and outstanding. The said Supplementary Letters Patent:

(a) cancelled the said 45,114 preference shares;

(b) increased the authorized capital by the creation of 2,053 6% convertible redeemable preferred shares of the par value of $100 each having attached thereto the rights, restrictions, conditions and limitations more fully set forth in the subjoined statutory information;

(c) consolidated the issued and unissued 750,000 common shares into 75,000 new shares without nominal or par value of which 57,543 were outstanding following such consolidation;

(d) increased the common share capital from the said 75,000 shares to 1,000,000 shares by the creation of an additional 925,000 common shares.

The Company issued the said 2,053 preferred shares and 557,500 of the new common shares all as fully paid and non-assessable shares in acquiring all of the issued and outstanding preferred and common shares of Consolidated.

As more fully described below the Company will issue 57,543 new common shares at $6 per share; $1,000,000 principal amount of 6½% Convertible General Mortgage Sinking Fund Bonds Series A; and 25,000 new common shares at $6 per share to the holders of general mortgage bonds of James.

The capitalization of the Company after giving effect to the foregoing will be as follows:

CAPITALIZATION

	Authorized	Outstanding
6½% Convertible General Mortgage Sinking Fund Bonds Series A	$1,000,000	$1,000,000
6% convertible redeemable preferred shares par value $100 each	2,053 shs.	2,053 shs.
common shares without nominal or par value	1,000,000 shs.*	697,586 shs.

*of which 153,846 shares are reserved for issue to satisfy the conversion privilege of the 6½% Convertible General Mortgage Sinking Fund Bonds Series A and 32,848 shares are reserved for issue upon the conversion of the 6% convertible redeemable preferred shares.

As noted above during the years 1960 and 1961 Consolidated acquired all of the common shares of Hall Machinery of Canada Limited. It paid $1,250,000 for these shares and it financed the purchase through a private placement of first mortgage bonds in the principal amount of $1,232,000. Upon the consolidation of the operations in James the said first mortgage bonds were exchanged for first mortgage bonds of James in the principal amount of $1,026,700 and 2,053 preferred shares of the par value of $100 each of Consolidated. These first mortgage bonds of James were subsequently changed to general mortgage bonds of James. Pursuant to the May agreement the holders of the general mortgage bonds of James agreed to sell all of the general mortgage bonds to the Company at par plus accrued interest to the date of sale and the Company agreed to pay for the same as to $500,000 by the issuance to the said holders of $500,000 principal amount of 6½% Convertible General Mortgage Sinking Fund Bonds Series A, as to $150,000 by the issuance of 25,000 fully paid and non-assessable new common shares of the Company and as to the balance of $376,700 in cash, plus accrued interest to date of closing.

Certificates evidencing in the aggregate 465,750 out of the aforementioned 557,500 common shares issued as part of the consideration payable by the Company in acquiring all of the issued and outstanding preferred and common shares of Consolidated will be delivered to National Trust Company, Limited with instructions that the same be held in escrow. Certificates evidencing one-third of the shares so deposited in escrow are to be released by National Trust Company on the 20th day of September in each of the years 1966, 1967 and 1968 or on such earlier day or days as may with the prior written consent of both The Toronto Stock Exchange and the Montreal Stock Exchange, be stipulated by Annett & Company Limited.

FINANCING

Common Shares

The Company is issuing to the holders of its common shares without nominal or par value, other than holders of common shares issued on June 30, 1965 specifically excluded by agreement, of record at the close of business on September 15, 1965 transferable subscription warrants evidencing the right to subscribe for 57,543 common shares without nominal or par value of its capital stock on the basis of one additional common share for each common share then held. The subscription price is $6 per share.

Annett & Company Limited has, subject to the provisions of the May agreement, agreed that it will purchase at $6 per share all of the said common shares offered pursuant to the subscription warrants and not duly purchased thereunder.

The proceeds of the issue will be used to pay to the trustee the $300,000 owing to the trustee on August 31, 1965 under the note issued to the trustee described above under the heading "Compromise and Arrangement with Creditors" or in the alternative to repay borrowings made by the Company to make this $300,000 payment. The balance of the proceeds of the issue will be used for general corporate purposes.

Convertible Bonds

The Company proposes to create an issue of $1,000,000 principal amount of 6½% Convertible General Mortgage Sinking Fund Bonds Series A (the Convertible Bonds) to be dated October 1, 1965 and to mature October 1, 1980.

The Convertible Bonds will be direct obligations of the Company, will be issued pursuant to a Deed of Trust and Mortgage (the Trust Deed) to be dated as of October 1, 1965 and to be entered into between the Company and Eastern & Chartered Trust Company as trustee and will be secured by:

(a) a fixed and specific mortgage, pledge and charge of and upon all real and immoveable, freehold properties and buildings and rights and interest therein and upon all leasehold property (to be defined in the Trust Deed) now owned or hereafter acquired by the Company (except as stated below);

(b) a pledge of all of the outstanding general mortgage bonds of James in the principal amount of $1,026,700, such 6% general mortgage bonds having been issued pursuant to the terms of a trust indenture dated January 31, 1964 between James and National Trust Company, Limited as trustee and being secured by a fixed and specific mortgage, pledge and charge on all of the real property, buildings and equipment of James located in the Provinces of Alberta and Quebec and by a floating charge under the laws of the Provinces of Alberta and Quebec;

(c) a pledge of all of the outstanding shares owned by the Company of all subsidiaries of the Company including Consolidated; and

(d) a first floating charge upon the undertaking and all other present and future property and assets of the Company except such as have been subjected to the specific mortgages, pledges and charges described in paragraphs (a), (b) and (c) above and except as stated below, but the floating charge is not to prevent the Company from borrowing from any bank or banks in the ordinary course of business and from giving security by assignments of book debts or under section 88 of the Bank Act to such bank or banks for such borrowing.

The fixed and specific mortgage, pledge and charge and the first floating charge above referred to will not extend to the properties of the Company subject to liquidation under the Plan of Compromise and Arrangement with creditors.

The property of the Company at the Port Robinson plant will be subject to the first charge by way of a land mortgage and a chattel mortgage described under the heading "Compromise and Arrangement with Creditors" above. James has issued first mortgage bonds ranking ahead of the said 6% general mortgage bonds of James and having a principal amount of $2,500,000. These first mortgage bonds of James have been delivered to the bankers of James as collateral security for a loan amounting on July 31, 1965 to $1,050,000. It is expected that this loan will be sufficiently reduced by December 31, 1965 to enable these first mortgage bonds to be surrendered to James for cancellation. Upon the cancellation of the first mortgage bonds and upon the granting of proper releases and reconveyances by the trustee of the property, assets and undertaking thereunder mortgaged, pledged and charged, the 6% general mortgage bonds of James will be secured by a first charge on all of the assets, undertaking and property of James.

The Convertible Bonds will be convertible at the option of the holders up to the close of business on September 30, 1980 or on the fifth business day immediately preceding the date specified for redemption whichever is the earlier into fully paid and non-assessable common shares without nominal or par value of the capital stock of the Company (without adjustment for interest accrued on the bonds or for dividends on the common shares issuable on conversion) at a conversion rate based upon the following prices:

$6.50 per share if such conversion takes place on or before October 1, 1970;

$8.50 per share if such conversion takes place after October 1, 1970 and on or before October 1, 1975;

$10.50 per share if such conversion takes place after October 1, 1975 and on or before September 30, 1980.

Fractional shares will not be issued but adjustment in cash will be made on the basis of the aforesaid prices.

The Trust Deed will include provisions for adjustment of the conversion privilege in certain events.

The Convertible Bonds will be non-redeemable on or before October 1, 1970 for the purpose of refunding at an annual interest cost lower than 6½%. They will be redeemable on not less than 30 days notice for sinking fund purposes at the principal amount thereof; otherwise in whole at any time or in part from time to time at the option of the Company on not less than 30 days notice at the principal amount thereof plus a premium of 6½% if redeemed on or before October 1, 1966 such premium thereafter decreasing at the rate of .5 of 1% of such principal amount for each full twelve months period elapsed after October 1, 1966 and if after October 1, 1978 at the principal amount thereof; plus in all cases interest accrued to the date specified for redemption.

The Company will covenant in the Trust Deed to establish a sinking fund for the benefit of the bondholders by paying to the trustee a sum sufficient to retire on October 1 in each of the years 1971 to 1979 both inclusive Convertible Bonds of a principal amount of $100,000, such sinking fund together with the repayment of $100,000 principal amount of bonds at maturity will be sufficient to retire the entire amount of the issue. The Company will reserve the right to purchase bonds by tender or by private contract for sinking fund purposes or otherwise at any price not exceeding the price at which the Convertible Bonds on the date of purchase are redeemable for other than sinking fund purposes plus costs of purchase. The Company will have the right to tender to the trustee Convertible Bonds in satisfaction in whole or in part of its sinking fund obligations with respect thereto, the same to be taken at the principal amount thereof.

The Trust Deed will contain certain covenants amongst others substantially to the effect that so long as any of the Convertible Bonds remain outstanding:

(1) The Company shall not declare or pay any dividend on any share of any class of its capital (other than stock dividends) or redeem, reduce, purchase, pay off or otherwise acquire for a consideration any shares of any class of its capital if, after giving effect to any such action, the consolidated net working capital (defined in the subjoined statutory information) of the Company and its subsidiaries would be less than $1,000,000.

(2) No additional Bonds shall be issued under the Trust Deed unless:

(i) the average annual consolidated net earnings (defined in the subjoined statutory information) of the Company and its subsidiaries for the two completed fiscal years next preceding such issue shall have been at least equal to:

(a) five times the aggregate annual interest requirements of all Bonds to be outstanding thereunder immediately after such issue; and

(b) two and one-half times the aggregate annual interest requirements of all consolidated funded obligations (defined in the subjoined statutory information) of the Company and its subsidiaries to be outstanding immediately after such issue; and

(ii) the consolidated fixed assets (defined in the subjoined statutory information) of the Company and its subsidiaries shall be equal to at least 150% of the aggregate principal amount of the Bonds to be outstanding thereunder immediately after such issue.

(3) No funded obligations junior to the Convertible Bonds shall be issued or incurred by the Company or any subsidiary unless after the issuance or incurring of such funded obligations the average annual consolidated net earnings of the Company and its subsidiaries (before income taxes and funded debt interest) for the last two completed fiscal years immediately preceding the date of issuance or incurring of such additional funded obligations shall have been more than two and one-half times the annual interest requirements on all funded obligations of the Company and its subsidiaries to be outstanding.

(4) The Company will not sell or otherwise dispose of any funded obligations of any subsidiary nor will the Company permit any subsidiary to issue, sell or otherwise dispose of or to become liable on (except to the Company or to a subsidary of which such subsidiary is a subsidiary) any funded obligations of such subsidiary or of any other subsidiary.

(5) Subject to certain exceptions to be set forth in the Trust Deed, the Company will not sell or otherwise dispose of or permit any subsidiary to sell or otherwise dispose of (except to the Company or to a subsidiary of which such subsidiary is a subsidiary) by conveyance, transfer, lease or otherwise the assets and undertaking of the Company or of any subsidiary, as the case may be, as an entirety or substantially as an entirety.

The foregoing shall not apply to nor operate to prevent

(i) the giving of purchase money mortgages or other purchase money liens on property acquired by the Company or by any subsidiary up to but not exceeding 70% of the cost or fair value whichever is greater of the property so acquired;

(ii) the acquiring by the Company or any subsidiary of property subject to any mortgage, lien, charge or encumbrance thereon at the time of such acquisition provided such mortgage, lien, charge or encumbrance was not created in contemplation of such acquisition or at a time when it was anticipated that such property would be acquired by the Company or any subsidiary;

(iii) the extension, renewal or refunding of any mortgage, lien, charge or encumbrance permitted under subdivisions (i) or (ii) hereof or any mortgage, lien, charge or encumbrance existing on October 1, 1965 to the extent of the principal amount of the indebtedness secured by, and owing under any such mortgage, lien, charge or encumbrance at the time of such extension, renewal or refunding;

(iv) the giving of security or the issuance or disposal of funded obligations by a subsidiary to secure the Bonds;

(v) the extension, renewal or refunding by a subsidiary of any funded obligations of such subsidiary to the extent of the principal amount of such funded obligations at the time of such extension, renewal or refunding;

(vi) the deposit of cash or obligations of the Government of Canada in connection with contracts or tenders in the ordinary course of business or to secure workmen's compensation, surety or appeal bonds, costs of litigation when required by law and public and statutory obligations;

(vii) liens or claims incident to current construction, mechanics', warehousemen's, carriers' and other similar liens; or

(viii) the incurring of obligations under forward commitments of purchase relating to current operations or under any lease entered into in the ordinary course of business or any guarantee of such obligations given in the ordinary course of business.

The Trust Deed will contain appropriate provisions for the delivery of releases and reconveyances by the trustee in the event of the sale or disposal of property from time to time by the Company.

Convertible Bonds in an aggregate principal amount of $500,000 are to be issued to the holders of the 6% general mortgage bonds of James as described above. Annett & Company Limited has agreed, subject to the provisions of the May agreement, that it will purchase at $95 for each $100 principal amount the remaining $500,000 principal amount of Convertible Bonds for resale to the public at par plus accrued interest. The net proceeds to the Company will be used to the extent of $376,700 and accrued interest to pay the cash balance owing to the holders of general mortgage bonds of James referred to under the heading "Capitalization" above and the balance for general corporate purposes.

Yours truly,

"J. F. MacArthur"

President.

JAMES UNITED STEEL LIMITED
(Formerly United Steel Corporation Limited)

Pro Forma Balance Sheet — June 30, 1965

JAMES UNITED STEEL LIMITED AND SUBSIDIARIES
Pro Forma Consolidated Balance Sheet — June 30, 1965

Assets	James United Steel Limited Pro Forma Balance Sheet (Note 1)	James United Steel Limited and Subsidiaries Pro Forma Consolidated Balance Sheet (Notes 1 and 2)
Current assets:		
Cash	$ 377,843	$ 390,981
Accounts receivable:		
Trade less allowance for doubtful accounts of $47,361	—	1,135,656
Due from a shareholder officer (note 6)	—	36,247
Other	—	43,344
	—	1,215,247
Inventories, at the lower of cost or market:		
Finished goods	—	1,009,033
Raw materials and work in process, less amounts received on progress billings of $67,803 (note 1(d)(ii))	550,732	2,038,089
	550,732	3,047,122
Prepaid expenses and deposits	—	15,868
Total current assets	928,575	4,669,218
Deferred account receivable relating to export sales contract (note 3)	—	319,491
Investment in wholly-owned subsidiaries:		
Shares of Toronto Foundry Company Limited (inactive), at underlying equity	99,859	—
Shares of London-Gilbert Steel Limited (inactive), at underlying equity	1,154,625	—
	1,254,484	—
Less notes payable to inactive subsidiaries	1,254,484	—
	—	—
Shares of Consolidated James Equipment Limited, at cost (note 1)	1,121,906	—
Bonds of a subsidiary of Consolidated James Equipment Limited, at cost (note 1)	1,026,700	—
	2,148,606	—
Fixed assets, at cost less accumulated depreciation (note 1(d)(ii)):		
Buildings	682,201	934,468
Machinery and equipment	1,546,346	2,002,376
	2,228,547	2,936,844
Less accumulated depreciation	1,322,041	1,623,866
	906,506	1,312,978
Land	18,000	41,835
	924,506	1,354,813
Patents, at cost less amounts written off	—	48,760
Undertaking of Trustee to hold proceeds from the realization of certain assets in satisfaction of amounts owing to unsecured creditors entitled to priority — contra — (estimated)	285,000	285,000
Organization expense	—	1,325
Costs of issuing bonds and shares	90,715	90,715
Excess of cost of common shares of Consolidated James Equipment Limited over underlying net book value at April 23, 1965 (note 1(c))	—	108,688
Excess of cost of shares of subsidiary companies of Consolidated James Equipment Limited over underlying net book values at dates of acquisition	—	349,787
	$ 4,377,402	$ 7,227,797
Liabilities		
Current liabilities:		
Bank overdraft	$ —	$ 142,014
Due to bank, demand loan, secured (note 4)	—	1,170,000
Accounts payable and accrued liabilities	—	1,104,314
Due to Trustee on or before August 2, 1965 (note 1(d)(ii))	550,732	550,732
Received re export sales contract	—	215,935
Income taxes — estimated (note 5)	—	200,888
Promissory note payable within one year — see below	300,000	300,000
Total current liabilities	850,732	3,683,883
Promissory notes payable to Trustee (note 1(d)(iii))	1,050,000	1,050,000
Less amount due within one year — above	300,000	300,000
	750,000	750,000
7% mortgage payable (payable in monthly instalments of $234 including interest and taxes)	—	17,244
6½% Convertible General Mortgage Sinking Fund Bonds Series A (note 1(e))	1,000,000	1,000,000
Amounts owing to unsecured creditors entitled to priority — contra (estimated) (note 1(d)(i))	285,000	285,000
Shareholders Equity:		
Capital stock (note 1):		
6% cumulative convertible redeemable preferred shares of the par value of $100 each Authorized and issued 2,053 shares	205,300	205,300
Common shares without nominal or par value. Authorized 1,000,000 shares; issued 697,586 shares — stated value	4,443,271	4,443,271
	4,648,571	4,648,571
Deficit (note 7)	(3,156,901)	(3,156,901)
	1,491,670	1,491,670
	$ 4,377,402	$ 7,227,797

See accompanying notes to balance sheet.

Approved on behalf of the Board:

D. R. ANNETT, Director

GERALD F. HAYDEN, Director

JAMES UNITED STEEL LIMITED
(formerly United Steel Corporation Limited)
Notes to Pro Forma Balance Sheet — June 30, 1965

JAMES UNITED STEEL LIMITED AND SUBSIDIARIES
Notes to Pro Forma Consolidated Balance Sheet — June 30, 1965

1. The pro forma balance sheet of James United Steel Limited is after giving effect to the following:

(a) The issuance, on June 28, 1965, to the company of Supplementary Letters Patent changing its name from United Steel Corporation Limited to James United Steel Limited and changing the capital of the company as follows:

Cancellation of the then existing authorized but unissued 45,114 6% Class "A" preference shares of the par value of $25 per share each, the creation of 2,053 6% cumulative convertible redeemable preferred shares of the par value of $100 each, the consolidation of 174,570 unissued and 575,430 issued common share capital (with a stated value of $3,031,407) into 17,457 unissued and 57,543 issued common shares respectively and increasing the authorized capital to 1,000,000 common shares without nominal or par value, not to be issued for a consideration exceeding in value or amount $10,000,000.

Each preferred share shall be convertible into 16 fully paid new common shares at any time on or before 12 o'clock noon, Toronto time, July 1, 1975. The shares are redeemable in whole or part upon payment for each share to be redeemed of the amount paid up thereon plus all unpaid and accrued cumulative dividends, except that the right to redeem the whole or any part of the preferred shares shall not become effective so long as the holders of the preferred shares may convert such shares into common shares.

(b) The issue of 2,053 6% cumulative convertible redeemable preferred shares of the par value of $100 each in consideration for the acquisition of the presently issued 2,053 6% cumulative redeemable preferred shares of the par value of $100 each of Consolidated James Equipment Limited (hereinafter called "Consolidated James").

(c) The issue of 557,500 new common shares without nominal or par value of the company in consideration for the presently issued and outstanding 750,000 common shares without nominal or par value of Consolidated James at a stated value of $916,606 which represents the net book value of the common shares of Consolidated James as shown by the consolidated accounts of that company at June 30, 1965. In the period from April 23, 1965 to June 30, 1965, the net equity of Consolidated James increased by $108,688.

(d) A plan of compromise or arrangement approved by the shareholders of the company on June 25, 1965, and by the creditors, except unsecured creditors entitled to priority under the Bankruptcy Act (Canada), on June 30, 1965, and sanctioned by the Supreme Court of Ontario on July 2, 1965, whereby, amongst other things:

(i) The company is discharged and freed of all of its debts and liabilities incurred prior to the appointment of the Receiver, except amounts owing to unsecured creditors who would be entitled to priority under the Bankruptcy Act (Canada). The assets of the company referred to in (ii) below and the shares of certain wholly owned subsidiary companies are retained by the company for the continuation of its business. All of the remaining assets of the company have been transferred to a liquidator for realization on the company's behalf. The proceeds of the realization of such assets are to be transferred to a Trustee to (a) retire in full all debts and obligations of the Receiver and Manager at June 30, 1965 including the claims of unsecured creditors entitled to priority and (b) the remaining proceeds of realization to be paid to the creditors of the company with claims at the close of business January 17, 1965. The unsecured creditors of the company with claims which are entitled to priority of payment under the Bankruptcy Act (Canada) and which are estimated by the Receiver and Manager not to exceed $285,000 are not bound by the plan of compromise or arrangement. The Trustee has undertaken to hold sufficient proceeds from the realization of such assets to satisfy the amounts owing to those creditors and the company will be entitled to set off any amount which it pays to such creditors against the amount which it from time to time owes to the Trustee.

(ii) The company will pay to the Trustee for the benefit of the creditors an amount of $1,050,000 under a promissory note secured by a first mortgage on the plant and equipment located at Port Robinson, Ontario, with a carrying value of $924,506, title to which will be retained by the company. The company will also pay to the Trustee for the benefit of the creditors an amount of $550,732 which amount represents the carrying value of inventory of raw materials and certain work in process held in the Port Robinson Plant at June 30, 1965, which inventory will also be retained by the company.

(iii) The promissory note in the amount of $1,050,000 will mature as to $300,000 on August 31, 1965 and as to the balance of $750,000 on June 30, 1967, secured by a first mortgage on the lands, buildings and equipment of the Port Robinson division of the company. The note will bear interest at the rate of 6% per annum unless at least a further $400,000 principal amount and interest accrued to June 30, 1966 is paid by that date, in which case the unpaid balance will bear no interest from that date until maturity but will bear interest at the rate of 6% per annum from June 30, 1967 if not paid in full by that date. The note may be repaid at any time without notice or bonus.

(e) The issue by the company of $1,000,000 6½% Convertible General Mortgage Sinking Fund Bonds Series A maturing October 1, 1980 (hereinafter called "Sinking Fund Bonds") as follows:

1. $500,000 principal amount of Sinking Fund Bonds in consideration for the acquisition of $500,000 principal amount of 6% General Mortgage Bonds issued by a subsidiary of Consolidated James.
2. $500,000 principal amount of Sinking Fund Bonds for a cash consideration of $475,000.

The company will covenant to establish a sinking fund to provide for the retirement of $100,000 principal amount of Sinking Fund Bonds on October 1, in each of the years 1971 to 1979 inclusive.

The Sinking Fund Bonds are to be redeemable under certain conditions.

Each Sinking Fund Bond is to be convertible into common shares under certain conditions as follows:

—at the rate of $6.50 per share if converted on or before October 1, 1970.
—at $8.50 per share after October 1, 1970 and on or before October 1, 1975
—at $10.50 per share after October 1, 1975 and on or before September 30, 1980.

(f) The issue of 25,000 fully paid and non-assessable common shares in consideration for the acquisition of $150,000 principal amount of 6% General Mortgage Bonds issued by a subsidiary of Consolidated James.

(g) The acquisition of the remaining $376,700 principal amount of 6% General Mortgage Bonds issued by a subsidiary of Consolidated James for $376,700 cash.

(h) The issue of 57,543 common shares without par value at a stated value of $6.00 per share being an aggregate amount of $345,258 cash.

(i) The payment of an underwriting commission of $20,715 in respect of the issue of shares referred to in (h) above and other issue expenses estimated at $45,000.

2. The pro forma consolidated balance sheet of the company includes the pro forma accounts of James United Steel Limited and of its subsidiary companies, Toronto Foundry Company Limited (inactive) and London-Gilbert Steel Limited (inactive) at June 30, 1965 and the consolidated balance sheet at April 23, 1965 of Consolidated James Equipment Limited and all of its subsidiary companies, James Equipment Limited, Calgary Steel Tank Limited (inactive) and Hall Machinery Limited (inactive). All intercompany accounts and transactions have been eliminated on consolidation.

3. The deferred account receivable is collectible over a period of approximately five years and relates to a large export sales contract negotiated by a subsidiary company. Production for this contract commenced during the fiscal year ended January 29, 1965 and is expected to be completed by December 31, 1965.

4. The demand bank loan is secured by the assignment by a subsidiary of Consolidated James of its accounts receivable and inventories and a pledge of its first mortgage bonds in the principal amount of $2,500,000.

5. For the fiscal year ended January 29, 1965 and for the period ended April 23, 1965 a subsidiary company, under the provisions of the Income Tax Act, has deducted for purposes of determining taxable income certain costs in excess of costs included in reported earnings and has excluded from taxable income certain income in respect of a long term contract which has otherwise been reflected in the accounts. The amounts involved and the relative reduction in taxes otherwise payable are as follows:

	Reduction of income subject to tax	Reduction in taxes otherwise payable
Fiscal year ended January 29, 1965	$ 345,000	170,000
Period ended April 23, 1965	105,000	50,000
	$ 450,000	220,000

Accordingly in future years taxable income will be increased by an aggregate amount of $450,000 in excess of reported earnings.

6. The amount due from a shareholder officer represents cash advances made prior to the fiscal year ended January 29, 1965. The amount, which is unsecured, is non-interest bearing and is payable on demand.

7. The deficit of the Company in the amount of $3,156,901 as shown on the pro forma balance sheet and pro forma consolidated balance sheet is comprised of the following:

(i) amount equal to the stated value of the capital stock before the issue of preferred shares and additional common shares (see note 1 above)	$ 3,031,407
(ii) excess of amount payable to the trustee over the carrying value of the plant and equipment located at Port Robinson, Ontario	$ 125,494
	$ 3,156,901

8. Subsequent transactions.

By agreements dated (i) July 2, 1965, effective July 1, 1965, the company acquired all of the current assets, patents and operations of a subsidiary of Consolidated James at a cost of $3,943,037, which amount is equal to the book value of the current assets and patents acquired. The consideration for this purchase was the assumption of certain liabilities of a subsidiary of Consolidated James in the amount of $1,436,980 with the balance of $2,506,057 payable on demand and (ii) July 5, 1965, leases were granted to the company by a subsidiary company of Consolidated James Equipment Limited on the land, buildings and equipment comprising the plants at Sherbrooke and Calgary.

Auditors' Report

To the Directors
James United Steel Limited

We have examined the accompanying pro forma balance sheet of James United Steel Limited as of June 30, 1965 and the accompanying pro forma consolidated balance sheet of James United Steel Limited and Subsidiaries as of June 30, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We report that, in our opinion:

(1) The pro forma balance sheet together with the notes thereto presents fairly the financial position of James United Steel Limited as of June 30, 1965, after giving effect as of that date to the transactions set forth in note 1 thereto, in accordance with generally accepted accounting principles.

(2) The pro forma consolidated balance sheet together with the notes thereto presents fairly the financial position of James United Steel Limited and Subsidiaries as of June 30, 1965, after giving effect as of that date to the transactions set forth in note 1 thereto, in accordance with generally accepted accounting principles.

Toronto, Ontario
September 14, 1965

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

CONSOLIDATED JAMES EQUIPMENT LIMITED AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet
April 23, 1965

Assets

Current assets:		
Cash		$ 13,138
Accounts receivable:		
Trade less allowance for doubtful accounts of $47,361	$ 1,135,656	
Due from a shareholder officer (note 6)	36,247	
Other	43,344	1,215,247
Inventories, at the lower of cost or market:		
Finished goods	1,009,033	
Raw materials and work in process	1,487,357	2,496,390
Prepaid expenses and deposits		15,868
Total current assets		3,740,643
Deferred account receivable relating to export sales contract (note 2)		319,491
Fixed assets, at cost less accumulated depreciation:		
Buildings	252,267	
Machinery and equipment	456,030	
	708,297	
Less accumulated depreciation	301,825	
	406,472	
Land	23,835	430,307
Patents, at cost less amounts written off		48,760
Organization expense		1,325
Excess of cost of shares of subsidiary companies over underlying net book values at dates of acquisition		349,787
		$ 4,890,313

Liabilities

Current liabilities:		
Bank overdraft		$ 142,014
Due to bank, demand loan, secured (note 3)		1,170,000
Accounts payable and accrued liabilities		1,104,314
Received re export sales contract		215,935
Income taxes — estimated (note 4)		200,888
Total current liabilities		2,833,151
7% Mortgage payable (payable in monthly instalments of $234 including interest and taxes)		17,244
Long term debt (note 5)		1,026,700
Shareholders' equity:		
Capital stock:		
Authorized:		
2,053 6% cumulative redeemable preferred shares of a par value of $100 each.		
1,500,000 common shares without nominal or par value.		
Issued and fully paid:		
2,053 preferred shares	$ 205,300	
750,000 common shares	710	
	206,010	
Retained earnings	807,208	1,013,218
		$ 4,890,313

See accompanying notes to financial statements.

Approved on behalf of the Board:

J. F. MacARTHUR, Director

J. M. PRYDE, Director

CONSOLIDATED JAMES EQUIPMENT LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Retained Earnings
For the fiscal year ended January 29, 1965 and for the period ended April 23, 1965

	Fiscal year ended January 29, 1965	Period ended April 23, 1965
Balance, beginning of period	$ 184,431	$ 582,947
Net earnings	410,834	224,261
	595,265	807,208
Dividends on preferred shares	12,318	—
Balance, end of period	$ 582,947	$ 807,208

See accompanying notes to financial statements.

CONSOLIDATED JAMES EQUIPMENT LIMITED
AND SUBSIDIARY COMPANIES

Notes to the Consolidated Balance Sheet and
Consolidated Statement of Retained Earnings
April 23, 1965

1. **Principles of consolidation:**

   The consolidated financial statements include the accounts of Consolidated James Equipment Limited and all of its subsidiary companies, James Equipment Limited, Calgary Steel Tank Limited (inactive) and Hall Machinery Limited (inactive.) All intercompany accounts and transactions have been eliminated on consolidation.

2. The deferred account receivable is collectible over a period of approximately five years and relates to a large export sales contract negotiated by a subsidiary company. Production for this contract commenced during the fiscal year ended January 29, 1965 and is expected to be completed by December 31, 1965.

3. The demand bank loan is secured by the assignment of accounts receivable and inventories and a pledge of first mortgage bonds as more fully set out in note 5.

4. For the fiscal year ended January 29, 1965 and for the period ended April 23, 1965 a subsidiary company, under the provisions of the Income Tax Act, has deducted for purposes of determining taxable income certain costs in excess of costs included in reported earnings and has excluded from taxable income certain income in respect of a long term contract which has otherwise been reflected in the accounts. The amounts involved and the relative reduction in taxes otherwise payable are as follows:

	Reduction of income subject to tax	Reduction in taxes otherwise payable
Fiscal year ended January 29, 1965	$ 345,000	170,000
Period ended April 23, 1965	105,000	50,000
	$ 450,000	220,000

   Accordingly in future years taxable income will be increased by an aggregate amount of $450,000 in excess of reported earnings.

5. Long term debt of a subsidiary company:

   First Mortgage Bonds:

   Authorized principal amount $3,000,000.

   Issued to the bank as collateral for a bank loan, $1,900,000 principal amount designated as Series A and $600,000 principal amount designated as Series B maturing July 1, 1966 and July 1, 1971 respectively. These bonds are payable prior to maturity on demand and bear interest at the rate of 6% per annum.

   Principal and interest are secured by a first fixed and specific charge and a floating charge on all the immovable and movable property and rights, undertakings and assets of the subsidiary company both present and future.

   General Mortgage Bonds:

   Authorized and issued in the principal amount of $1,026,700, maturing December 1, 1981 and bearing interest at the rate of 6% per annum.

   The Trust Deed securing the General Mortgage Bonds provides for the establishment of a sinking fund for the retirement of $60,000 principal amount of bonds in each of the years 1966 to 1980 inclusive. For this purpose, the subsidiary company has agreed to pay to the trustee for the sinking fund on or before December 1 in each of the years 1966 to 1980 inclusive, the sum of $60,000.

   Principal and interest are secured by a fixed and specific charge and a floating charge on all the immovable and movable property and rights, undertakings and assets of the subsidiary company both present and future subject to the prior charge of the First Mortgage Bonds referred to above.

   Under the terms of the Trust Deeds securing the First Mortgage Bonds and the General Mortgage Bonds, the subsidiary company agreed, amongst other things, that so long as any of the bonds remain outstanding, it will not, without the prior written approval of the bondholders:

   (a) with certain exceptions, distribute or part with any of its assets;
   (b) reduce or distribute its capital or redeem its shares or pay dividends;
   (c) acquire any business undertaking or enterprise;
   (d) make capital expenditures or disposals in any period of twelve months in excess of $10,000 in any one transaction or in excess of $50,000 in the aggregate for such period;
   (e) create or issue any funded indebtedness other than the First Mortgage Bonds or;
   (f) redeem any funded indebtedness except under the provisions of the sinking fund for the General Mortgage Bonds.

6. The amount due from a shareholder officer represents cash advances made prior to the fiscal year ended January 29, 1965. The amount, which is unsecured, is non-interest bearing and is payable on demand.

7. Subsequent transactions.

   By agreements dated (i) July 2, 1965, effective July 1, 1965, with the approval of the holders of the First Mortgage Bonds and the General Mortgage Bonds, all of the currents assets, patents and operations of James Equipment Limited were sold to James United Steel Limited at a cost of $3,943,037, which amount is equal to the book value of the current assets and patents acquired. The consideration for this purchase was the assumption of certain liabilities in the amount of $1,436,980 with the balance of $2,506,057 payable on demand and (ii) July 5, 1965, leases effective July 1, 1965 were granted to James United Steel Limited on the land, buildings and equipment comprising the plants at Sherbrooke and Calgary.

Auditors' Report

To the Directors
Consolidated James Equipment Limited

We have examined the accompanying consolidated balance sheet of Consolidated James Equipment Limited and subsidiary companies as of April 23, 1965, and the accompanying consolidated statement of retained earnings for the fiscal year ended January 29, 1965 and for the period ended April 23, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We report that, in our opinion:

(1) The consolidated balance sheet together with the notes thereto presents fairly the financial position of Consolidated James Equipment Limited and subsidiary companies as of April 23, 1965, in accordance with generally accepted accounting principles applied on a basis consistent with the preceding year.

(2) The consolidated statement of retained earnings for the fiscal year ended January 29, 1965 and for the period ended April 23, 1965 presents fairly the information required to be set out therein, in accordance with generally accepted accounting principles applied on a consistent basis.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants.

Calgary, Alberta, September 14, 1965

STATUTORY INFORMATION

1. The full name of the Company is JAMES UNITED STEEL LIMITED (hereinafter referred to as the "Company") and the address of the Head Office of the Company is 330 University Avenue, in the City of Toronto, in the Province of Ontario. The Administrative Offices of the Company are located at 816 - 7th Avenue S. W., in the City of Calgary, in the Province of Alberta.

2. The Company was incorporated under the laws of Canada by letters patent dated September 22, 1933, under the name United Steel Corporation Limited and supplementary letters patent dated August 24, 1936, December 20, 1938, November 15, 1956, April 16, 1957, and June 28, 1965 respectively have been issued to the Company.

The Supplementary Letters Patent issued to the Company on June 28, 1965 cancelled the authorized but unissued 45,114 Class "A" preference shares of the par value of $25 each and created 2,053 6% convertible cumulative redeemable preferred shares of the par value of $100 each. The common shares were consolidated on the basis of one new share for each ten old shares and the capital was then increased by the creation of 925,000 additional new common shares. The name of the Company was also changed to James United Steel Limited.

3. The Company is engaged in the business of the manufacture, fabrication and sale of a variety of steel, iron and other metal products. The Company also distributes propane equipment throughout Canada and manufactures propane storage tanks and special industrial equipment and is a prominent supplier to the asbestos industry.

4. The names in full, present occupations and home addresses of the directors and officers of the Company are respectively as follows:

DIRECTORS

George Maxwell Bell	Executive	1031 Durham Avenue S. W., Calgary, Alberta
James Fraser MacArthur	Executive	1331 - 15th Street N.W., Calgary, Alberta
James Morrison Pryde	Executive	2118 - 7th Street S. W., Calgary, Alberta
Alexander Shaw Williamson	Queen's Counsel	328 - 37th Avenue S. W., Calgary, Alberta
James MacKenzie Thomson	Barrister and Solicitor	704 Durham Avenue S. W., Calgary, Alberta
Harold James Egan	Chartered Accountant	6188 Shirley Street, Halifax, Nova Scotia
Douglas Rudyard Annett	Investment Dealer	80 Glengrove Avenue West, Toronto, Ontario
Gerald Francis Hayden	Queen's Counsel	31 Arjay Crescent, Willowdale, Ontario

There are three vacancies on the Board of Directors.

OFFICERS

George Maxwell Bell	Chairman of the Board	1031 Durham Avenue S. W., Calgary, Alberta
James Fraser MacArthur	President and Managing Director	1331 - 15th Street N.W., Calgary, Alberta
James Morrison Pryde	Vice President and Treasurer	2118 - 7th Street S. W., Calgary, Alberta
James Grant Mitchell	Vice President	204 Victoria Avenue, Sherbrooke, Quebec
Alexander Shaw Williamson	Secretary	328 - 37th Avenue S. W., Calgary, Alberta
Gerald Francis Hayden	Assistant Secretary	31 Arjay Crescent, Willowdale, Ontario
Harry Earl Beaton	Comptroller and Assistant Treasurer	2319 Juniper Road N.W. Calgary, Alberta

5. The auditors of the Company are Peat, Marwick, Mitchell & Co., 4 King Street West, Toronto, Ontario.

6. The Royal Trust Company, 119 Adelaide Street West, Toronto and 287 Broadway, Winnipeg, is the Transfer Agent and Registrar of the Company's shares at the Cities of Toronto and Winnipeg. Eastern & Chartered Trust Company, 625 Dorchester Boulevard West, Montreal, is the Transfer Agent and Registrar of the Company's shares at the City of Montreal.

7. The authorized share capital consists of 2,053 6% cumulative convertible redeemable preferred shares of the par value of $100 each and 1,000,000 common shares without nominal or par value of which all of the said preferred shares and 615,043 of the said common shares have been duly allotted and issued and are outstanding as fully paid and non-assessable shares.

8. The description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital of each class of the Company's shares including redemption rights and rights on liquidation or distribution of capital assets, are as follows, that is to say:

Dividends

The holders of the preferred shares shall be entitled to receive if, as and when declared by the Board of Directors of the Company out of the monies of the Company properly applicable to the payment of dividends, fixed cumulative preferential dividends at the rate of six per cent (6%) per annum, payable semi-annually, on

the first days of January and July in each year on the amount from time to time paid up thereon. Each such half-yearly dividend on the preferred shares shall be deemed to be a dividend for the half-yearly period ending on the day preceding the dividend payment date. If, on any dividend payment date the dividend payable on such date is not paid in full on all of the preferred shares then issued and outstanding, such dividend or the unpaid part thereof, shall be paid at a subsequent date or dates as determined by the Board of Directors. Cheques on the Company's bankers payable at par at any branch thereof in Canada (far northern branches excepted) shall be issued in respect of such dividends and payment thereof shall satisfy such dividends. Dividends on the preferred shares shall accrue and be cumulative from such date or dates as may in the case of each issue be determined by the Board of Directors of the Company but not later than six months from the respective dates of issue and in the case no date shall be so determined then from the date of allotment whichever shall be the earlier. The holders of the preferred shares shall not be entitled to any dividend other than, or in excess of the cumulative dividends at the rate of six per cent (6%) per annum hereinbefore provided.

If in any year after providing for the full dividend on the preferred shares there shall remain any profits or surplus available for dividends, such profits or surplus or any part thereof may, in the discretion of the directors, be applied to dividends on the common shares. However, the Company shall not declare, pay or set apart for payment any dividend on the common shares or any other shares of the Company ranking junior as to dividends to the preferred shares unless all dividends up to and including the dividend payable on the last preceding dividend payment date on all the preferred shares then issued and outstanding shall have been declared and paid or set apart for payment.

The preferred shares shall rank, both as regards dividend and repayment of capital, in priority to all other shares of the Company but shall not confer any further right to participate in profits or assets.

Redemption

Subject to the provisions of Section 61 of the Companies Act the Company may, upon giving notice as hereinafter provided, redeem the whole or any part of the preferred shares on payment for each share to be redeemed of the amount paid up thereon plus all unpaid cumulative dividends whether or not earned or declared which shall have accrued thereon and which for such purpose shall be treated as accruing up to the date of such redemption. The right of the Company to redeem the whole or any part of the preferred shares shall not become effective so long as the holders of preferred shares may convert same into common shares as hereinafter provided; not less than fifteen (15) days' notice in writing of such redemption shall be given by mailing such notice to the registered holders of the preferred shares to be redeemed, specifying the date and place or places of redemption; if notice of any such redemption be given by the Company in the manner aforesaid and an amount sufficient to redeem the preferred shares be deposited with any trust company or chartered bank in Canada as specified in the notice on or before the date fixed for redemption, dividends on the preferred shares to be redeemed shall cease after the date so fixed for redemption and the holders thereof shall thereafter have no rights against the Company in respect thereof except, upon the surrender of certificates for such preferred shares, to receive payment therefor out of the monies so deposited.

Capital Preference

In the event of the dissolution, liquidation or winding-up of the Company or other distribution of its assets among the shareholders by way of repayment of capital, voluntary or involuntary or otherwise, the holders of the preferred shares shall be entitled to receive the amount paid up thereon plus all unpaid cumulative dividends whether or not earned or declared which shall have accrued thereon and which, for such purposes, shall be treated as accruing up to the date of such distribution, in priority to any distribution to the holders of the common shares or any other shares of the Company ranking junior as to assets to the preferred shares. After payment to the holders of the preferred shares of the amount payable as aforesaid such holders of the preferred shares shall not be entitled to share in any further distribution of the property or assets of the Company.

Conversion

Upon and subject to the terms and conditions hereinafter set forth, each preferred share shall be convertible at the option of the holder thereof at any time prior to 12:00 o'clock noon, Toronto time, on July 1, 1975 into 16 fully paid and non-assessable common shares of the Company as presently constituted.

Such conversion shall be effected by the holders of the preferred shares by the surrender to the Company at its Registered Office or at any of the offices of its transfer agents for the time being of the certificate or certificates representing the preferred share or shares in respect of which the holder thereof desires to exercise such right of conversion together with a written request therefor in such form and with such verifications of signature or ownership as the Company or its officers or directors may from time to time require; the conversion shall be deemed to take effect as of the date upon which the said certificate or certificates shall be surrendered to the Company at its Registered Office or to the transfer agents, accompanied by the said written request in acceptable form as aforesaid; in the event that part only of the preferred shares represented by any certificate shall be converted as aforesaid, a certificate for the remainder or balance of preferred shares shall be delivered to the holder without charge.

Should any certificates representing preferred shares be duly surrendered for conversion during a period when the register of transfer of common shares is properly closed, the holders thereof shall be deemed to become holders of common shares of record immediately upon the re-opening of such register of transfers and the preferred shares so surrendered shall be deemed to be outstanding and such surrender shall not be effective until such date. Within fourteen (14) days of the date of the surrender of a certificate or certificates representing preferred shares as hereinbefore provided, the Company shall deliver or cause to be delivered the certificate representing the common shares into which such preferred shares have been converted provided that, if the register of transfers of common shares is closed during any such fourteen (14) day period, the certificates shall be delivered within fourteen (14) days after the register of transfers of common shares is re-opened.

Upon conversion of any preferred shares there shall be no payment or adjustment by the Company or by any holder thereof on account of any dividends accruing due and unpaid or otherwise any benefit or right

either in respect of such preferred shares or the common shares resulting from such conversion except as hereinafter set forth.

(a) In the event of any subdivision of the common shares of the Company at any time before July 1, 1975 into a greater number and/or different class or classes of shares, the holder of any preferred shares exercising the conversion right attaching thereto at any time after such subdivision shall be entitled to such additional number and/or different class or classes of shares as would have resulted from such subdivision if the right of conversion had been exercised prior to the date of such subdivision.

(b) In the event of any consolidation of the common shares of the Company hereafter or before July 1, 1975 into a lesser number and/or a different class or classes of shares, the holder of any preferred shares exercising the conversion right attaching thereto at any time after such consolidation shall be entitled to such lesser number and/or different class or classes of shares as would have resulted from such consolidation if the right of conversion had been exercised prior to the date of such consolidation.

(c) If the holder of any preferred share shall exercise the conversion right attaching thereto at any time after the payment by the Company of any dividend on the common shares payable in shares of the Company or a dividend on the common shares payable at the option of the holders thereof either in shares of the Company or in cash, such holder shall be entitled to, in addition to the number of common shares which he would have been entitled to on the exercise of such right of conversion of such preferred shares if such dividend had not been paid, such additional number of shares as would have been payable as a dividend on the common shares which would have resulted from the exercise of such right of conversion prior to the record date for the payment of such dividend.

(d) In the event of any amalgamation of the Company with any other company or companies or the sale, transfer or distribution of all or substantially all of the Company's assets whether by way of arrangement or otherwise to any other company or companies before July 1, 1975, adequate provision shall be made by the Company so that there shall be substituted for the common shares or other classes of shares under this conversion privilege, the shares, securities or assets which would have been issuable or payable in exchange for the common shares or other classes of shares which have resulted from any change in the common shares if the right of conversion had been exercised prior to the date of such amalgamation of the Company with any other company or companies or the sale, transfer or distribution of all or substantially all of the Company's assets.

(e) If any question shall at any time arise with respect to adjustments of the conversion privileges as aforesaid, such question shall be conclusively determined by the auditors of the Company for the time being and any such determination shall be binding upon the Company, all transfer agents and all shareholders of the Company.

On any conversion of preferred shares the share certificate or certificates representing common shares of the Company resulting therefrom shall be issued in the name of the registered holder of the preferred shares so converted or in such other name or names as the registered holder may direct in writing, provided that such registered holder shall pay any applicable security transfer taxes.

The Company shall not issue a fractional common share upon any conversion or a share certificate therefor, but in lieu thereof the Company shall cause to be issued by the registrar of the common shares of the Company bearer non-voting and non-dividend bearing Scrip Certificates which shall be transferable by delivery. On presentation at the principal office in Toronto of the said registrar of the common shares of the Company of bearer Scrip Certificates for fractions that together represent a whole common share, a share certificate representing a whole common share shall be issued in exchange therefor and the person in whose name such certificate has been issued shall be registered on the books of the Company as the holder of such common share. Subject as aforesaid, the non-voting, non-dividend bearing Scrip Certificates shall be issued in such form and be subject to such further terms and conditions as may be authorized by the directors of the Company.

All shares resulting from any conversion of preferred shares into common shares including whole common shares resulting from the consolidation of fractions of shares which result from conversions shall be deemed to be fully paid and non-assessable.

The Company shall not issue any common shares which will result in the unissued common shares being insufficient to fulfill the conversion privileges of holders of the preferred shares should the holders of all outstanding preferred shares avail themselves of their conversion privilege in accordance with the provisions herein contained.

In the event of dissolution, liquidation or winding-up of the Company or any other distribution of its assets among the shareholders by way of repayment of capital or otherwise, the right of conversion herein set out shall cease and expire at 12:00 o'clock noon, Toronto time, on the fifteenth day next preceding the date of such liquidation, dissolution or winding-up or other distribution of assets as aforesaid.

Purchase For Cancellation

Subject to the provisions of Section 61 of the Companies Act the Company may at any time and from time to time purchase for cancellation the whole or any part of the preferred shares in the open market at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the amount paid up thereon, plus all unpaid dividends whether or not earned or declared which shall have accrued thereon to the date of purchase.

Voting Rights

The holders of the said preferred and common shares shall be entitled to one (1) vote for each share held by them at all meetings of the shareholders of the Company.

Right To Vary Capital

Except as expressly provided in the conditions attaching to the preferred shares, nothing herein contained shall affect or restrict the right of the Company from time to time as it may deem advisable to increase, de-

crease, subdivide, consolidate, divide or otherwise change or deal with the authorized or issued capital of the Company, or to vary any right or provision attaching to its shares.

The directors may at any time or times or from time to time pass a by-law or by-laws authorizing an application for supplementary letters patent whereby all or any of the rights, preferences, priorities, limitations, conditions and restrictions attaching to or affecting the preferred shares may be amended, modified, suspended, altered and/or repealed but no such by-law or by-laws shall be effective or acted upon unless and until confirmed by resolution passed at a meeting of the holders of preferred shares duly called for considering the same at which the holders of at least a majority of the outstanding preferred shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than sixty-six and two-thirds per cent (66⅔%) of the preferred shares represented and voted at such meeting cast on a poll, in addition to such other vote (including the vote of other classes of shareholders) as may be required by the Companies Act.

9. By Memorandum of Agreement (hereinafter called the "May Agreement") made as of the 6th day of May, 1965 among other things it was provided:

(a) that Annett & Company Limited would purchase from the Company $500,000 principal amount of bonds of the Company (namely 6½% Convertible General Mortgage Sinking Fund Bonds Series A) at a price of $95 per $100 principal amount together with accrued interest thereon to the date of purchase; and

(b) the holders of the 6% General Mortgage Bonds of James Equipment Limited would sell and the Company would purchase the $1,026,700 principal amount of the said 6% General Mortgage bonds at par plus accrued interest to the date of sale for $500,000 principal amount of the said bonds of the Company, 25,000 fully paid and non-assessable common shares of the Company (as such shares are constituted at the date hereof) and $376,700 in cash plus accrued interest to date of closing; all upon and subject to the terms and conditions more fully set out in the May Agreement.

The said 6½% Convertible General Mortgage Sinking Fund Bonds Series A (herein called the "Convertible Bonds") are more fully described under the subcaption "Convertible Bonds" commencing at page 6 of this prospectus. In the material contained under this subcaption references are made to certain definitions appearing in this statutory information. The Trust Deed referred to under the subcaption "Convertible Bonds" will contain a number of definitions substantially to the following effect:

"Funded obligations" means any indebtedness (whether secured or unsecured) the principal amount of which by its terms is not payable on demand and matures more than 12 months after the date of the creation or issuance thereof and any liability (contingent or otherwise) in respect of (i) any guarantee by the Company of any such indebtedness of any person, firm or corporation other than a subsidiary and (ii) any guarantee by a subsidiary of any such indebtedness of any person, firm or corporation other than the Company or any other subsidiary.

"Consolidated funded obligations" of the Company and its subsidiaries means the aggregate amount of all funded obligations of the Company and all its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice; provided always that in calculating consolidated funded obligations due allowance shall be made for the minority interest, if any, in any subsidiary.

"Consolidated net earnings" of the Company and its subsidiaries means all the gross earnings and income of the Company and all its subsidiaries from all sources less all administrative, selling and operating charges and expenses of every character and all fixed charges of the Company and all its subsidiaries other than taxes on income and interest on funded obligations (but excluding gains or losses on the disposal of investments and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting practice. Without limiting the generality of the foregoing operating charges and expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are chargeable to capital account in accordance with generally accepted accounting practice), rentals, licences, taxes (other than taxes on income), interest (other than interest on funded obligations), such reserves for bad and doubtful debts as the directors in their discretion with the approval of the Company's auditors may determine, drilling, exploration, prospecting and development expenses (except such part thereof as may have been capitalized with the approval of the Company's auditors) and such provisions for depreciation, depletion and amortization as may be approved by the Company's auditors. In determining consolidated net earnings interest charges which will be eliminated or reduced by reason of the issuance of funded obligations shall be disregarded or adjusted. Provided that the net earnings of any subsidiary for the purpose of this definition shall only include such part of the net earnings and income of such subsidiary calculated as aforesaid as under generally accepted accounting practice is applicable to those shares of such subsidiary which are held by the Company or any other subsidiary.

"Consolidated net working capital" of the Company and its subsidiaries means the excess of current assets over current liabilities of the Company and all its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice; provided always that in calculating consolidated net working capital due allowance shall be made for the minority interest, if any, in any subsidiary.

"Current assets" means accounts receivable, bills and notes receivable and similar items receivable in the ordinary course of business (less such reserves for bad and doubtful debts as the directors in their discretion with the approval of the Company's auditors may determine), cash on hand and in bank, bonds and obligations of or guaranteed by the Government of Canada or any Province of Canada and other investments (which term shall include bonds, debentures, debenture stock, shares and obligations of incorporated companies other than funded obligations issued by the Company or any subsidiary) which are readily saleable and which in accordance with generally accepted accounting practice may properly be grouped as current assets taken at their market value, prepaid interest, insurance, municipal taxes and similar prepaid expenses of a current nature, stock in trade including all manufactured products of the Company and its subsidiaries and materials and supplies necessary for the operation of the plants and/or the manufacturing of the products of the Company and its subsidiaries, cash surrender value of life insurance policies payable to the Company or its subsidiaries and such other assets as are usually regarded as current by companies conducting a business similar to that of the Company and/or its subsidiaries.

"Current liabilities" means accounts payable, proper reserves for taxes, bank loans and overdrafts, accrued interest and other liabilities required to be treated as current in accordance with generally accepted accounting

practice; provided that (i) no liabilities under forward commitments of purchase related to the current operations of the Company and/or its subsidiaries and (ii) no principal, premium, if any, or sinking fund instalments, if any, in respect of any funded obligation which may be owing, issued or guaranteed by the Company and/or its subsidiaries shall be taken into account in determining the current liabilities.

"Fixed assets" means such assets as are treated as fixed assets in accordance with generally accepted accounting practice valued at cost or fair value.

"Consolidated fixed assets" of the Company and its subsidiaries means the aggregate amount of all fixed assets of the Company and all its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice; provided always that in calculated consolidated fixed assets due allowance shall be made for the minority interest, if any, in any subsidiary.

"Subsidiary" or "subsidiary company" means any corporation or company of which more than 50% of the outstanding shares carrying voting rights at all times (provided that the ownership of such shares confers the right at all times to elect at least a majority of the board of directors of such corporation or company) are for the time being owned by or held for the Company and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a subsidiary.

The Company under the May Agreement, as amended by an agreement dated July 2, 1965 (hereinafter called the "July Agreement") more particularly described in paragraph 27 of this Statutory Information, agreed to offer to its shareholders, other than the holders of common shares specifically excluded by the July Agreement, of record at the close of business on September 15, 1965 the right to purchase one common share of the Company for each common share then held by them (as such shares are constituted at the date hereof) at the price of $6 per share. Annett & Company Limited upon and subject to the terms and conditions set out in the May Agreement agreed it would purchase from the Company at $6 per share such of the common shares of the Company as were offered for subscription to the common shareholders of the Company and as were not purchased by such common shareholders. 57,543 common shares are being offered accordingly.

The land mortgage and chattel mortgage referred to under the caption "Compromise and Arrangement with Creditors" will constitute encumbrances prior to the charge of the said Trust Deed securing the Convertible Bonds. The preferred shares of the Company referred to in paragraphs 7 and 8 of this Statutory Information rank in priority to the common shares of the Company.

10. No substantial indebtedness not shown in the pro forma balance sheet of the Company and its subsidiaries as at June 30, 1965, contained in this prospectus is to be created or assumed by the Company.

11. No securities of the Company are covered by options outstanding or proposed to be given except that the Company intends at some future date to establish a key employees' stock option plan covering a total of approximately 30,000 shares. However, reference is made to paragraph 12 of this Statutory Information. As noted above both the 6% convertible redeemable preferred shares and the Convertible Bonds of the Company are convertible into common shares of the Company.

12. The securities to be offered to the public consist of:

(a) 57,543 common shares without par value. The Company is issuing to the holders of its common shares without nominal or par value other than the holders of common shares specifically excluded by the July Agreement, of record at the close of business on September 15, 1965 transferable subscription warrants evidencing the right to subscribe for one additional new common share without nominal or par value in its capital stock at the price of $6 per share for each one common share without nominal or par value then held by such holders. As noted above Annett & Company Limited has agreed to purchase from the Company at $6 per share such of the common shares of the Company as are offered for subscription and as are not purchased by such common shareholders. The Company has agreed to pay Annett & Company Limited a commission of $20,715.48 as remuneration for underwriting the said offering to shareholders.

(b) $500,000 principal amount of 6½% Convertible General Mortgage Sinking Fund Bonds Series A, more fully described commencing on page 6 of this prospectus under the subcaption "Convertible Bonds" and in paragraph 9 of this Statutory Information. As noted above Annett & Company Limited have agreed to purchase from the Company these bonds at the price of $95 per $100 principal amount together with accrued interest thereon to the date of purchase.

$500,000 principal amount of the said 6½% Convertible General Mortgage Sinking Fund Bonds Series A, will be allotted and issued on a pro rata basis to the holders of 6% General Mortgage Bonds of James Equipment Limited, a wholly-owned subsidiary of the Company.

During the two years preceding the date hereof the Company has not offered for subscription any of its securities. However, reference is made to paragraphs 22 and 23 of this Statutory Information.

13. The estimated net proceeds to be derived from the sale of the common shares pursuant to the rights offering to shareholders on the basis of the same being fully taken up and paid for are $345,258 less an underwriting commission of $20,715.48. The estimated net proceeds to be derived from the sale of the Convertible Bonds on the basis of the same being fully taken up and paid for are $475,000 in respect of the Convertible Bonds purchased by Annett & Company Limited. The Convertible Bonds issued to the holders of 6% General Mortgage Bonds of James Equipment Limited will provide no cash proceeds to the Company's treasury. The above estimates do not take into account incidental expenses to the Company for legal, audit and miscellaneous matters in connection with the issue which expenses are estimated at approximately $45,000.

14. Of the net proceeds of the sale of common shares pursuant to the rights offering to shareholders $300,000 will be used to pay the instalment due on August 31, 1965 on the promissory note described on page 5 of this prospectus under the caption "Compromise and Arrangement with Creditors" or in the alternative to repay borrowings made by the Company to make the $300,000 payment. The net proceeds of sale of the $500,000 principal amount of Convertible Bonds to Annett & Company Limited will be used to the extent of $376,700 and accrued interest to pay the cash balance owing to the bondholders of James Equipment Limited in respect of the purchase by the Company of their 6% General Mortgage Bonds. The balances will be added to the working capital of the Company.

15. The minimum amount required to be raised by the issue of common shares and Convertible Bonds in order to provide the sums required, or the balance of sums required, to pay the purchase price of any property,

and to meet preliminary expenses or commissions payable by the Company, to repay monies borrowed by the Company in respect of the foregoing matters or to repay bank loans (including the amount payable August 31, 1965 under the promissory note referred to under the caption "Compromise and Arrangement with Creditors") is approximately $730,000. Annett & Company Limited has underwritten the share offering and agreed to purchase $500,000 principal amount of Convertible bonds, in each case subject to the terms of the May Agreement.

16. Particulars of the agreement with Annett & Company Limited as Underwriter are set forth in paragraphs 9 and 12 of this Statutory Information.

17. The by-laws of the Company contain the following provisions as to remuneration of the directors:

Section 4 of Article III of the general by-laws of the Company provides as follows:

"The Board shall have full authority to fix the salary and remuneration of all the officers, agents and employees of the Company and shall have full power to fix and provide for the remuneration of the Board from time to time including an allowance by way of mileage or otherwise to any director or officer who may by direction of the Board or of the President attend at any such meeting of the Board of Directors."

18. The aggregate remuneration paid by the Company to the directors as directors during the financial year ended December 31, 1964, was $4,100 and the estimated aggregate of such remuneration paid or payable during the current financial year is $2,000. The aggregate remuneration paid by the Company to officers of the Company who individually received or are entitled to receive remuneration in excess of $10,000 per annum during the financial year ended December 31, 1964, was $40,000 and the estimated aggregate of such remuneration payable during the current financial year is $76,000.

19. No commission has been paid within the two years preceding the date hereof or is now payable by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company except as referred to in paragraph 12 of this Statutory Information.

20. The Company was incorporated in 1933 and has been carrying on business since that time.

21. Except for transactions entered into in the ordinary course of operation or on the general credit of the Company or transactions between the Company and its subsidiaries and except as set out in paragraph 22 of this Statutory Information, no property has been purchased or acquired or is proposed to be purchased or acquired by the Company, the purchase price of which has been paid within the two years preceding the date hereof or is to be paid in whole or in part in securities of the Company or the purchase or acquisition of which has not been completed at the date of this prospectus.

22. Pursuant to the terms of the May Agreement, the Company;

(i) purchased from the preferred and common shareholders of Consolidated James Equipment Limited all of the issued and outstanding shares of such Company. The amount payable to each vendor in common and preferred shares of the Company was as follows:

Vendor and Address	*Preferred Shares*	*Common Shares*
George Maxwell Bell, 1031 Durham Avenue S. W., Calgary, Alberta	1,483	175,167
M P G Investment Corp. Ltd., 105 St. James Street West, Montreal, P. Q.	50	49,283
J. F. MacArthur, 1331 - 15th St. N. W., Calgary, Alberta		170,573
J. M. Pryde, 2118 - 7th St. S. W., Calgary, Alberta		113,730
Harold J. Egan, 6188 Shirley Street, Halifax, N. S.		32,313
Allan D. Foulis, 909 Young Avenue, Halifax, N. S.	8	780
Foulis & Bennett Electric Limited, 4 Atlantic Street, Halifax, N. S.	167	15,610
J. Grant Mitchell, Box 877, Sherbrooke, P. Q.		22
A. S. Williamson, 328 - 37th Avenue S. W., Calgary, Alberta		22
Halsco & Co., c/o Bank of Nova Scotia, Halifax, N. S.	345	
	2,053	557,500

(ii) agreed to purchase from the holders of 6% General Mortgage Bonds of James Equipment Limited (a wholly owned subsidiary of Consolidated James Equipment Limited) all of the issued and outstanding 6% General Mortgage Bonds of such Company, at par, in the principal amount of $1,026,700. The consideration for such purchase will consist of the issuance on a pro rata basis of $500,000 principal amount of Convertible Bonds of the Company and 25,000 fully paid and non-assessable common shares of the Company and the

balance of $376,700 in cash plus accrued interest to date of closing. The amount payable to each vendor is as follows:

Vendor and Address	*Bonds*	*Common Shares*	*Cash*
George Maxwell Bell 1031 Durham Avenue S.W., Calgary, Alberta	$361,300	18,058	$272,052
M P G Investment Corp. Ltd. 105 St. James Street West, Montreal, P. Q.	12,200	610	9,140
Allan D. Foulis, 909 Young Avenue, Halifax, N. S.	2,000	102	1,588
Foulis & Bennett Electric Limited, 4 Atlantic Street, Halifax, N. S.	40,500	2,030	30,620
Halsco & Co., c/o Bank of Nova Scotia, Halifax, N. S.	84,000	4,200	63,300
	$500,000	25,000	$376,700

No other consideration was paid or is payable to the vendors in connection with the property purchased or to be purchased as aforesaid.

23. No securities have within the two years preceding the date hereof been issued or agreed to be issued by the Company as fully paid or partly paid up otherwise than in cash except the securities referred to in paragraph 22 of this Statutory Information. The common and preferred shares of the Company issued to the common and preferred shareholders of Consolidated James Equipment Limited have been issued as fully paid shares and represent a direct exchange for the common and preferred shares previously held by them. The $500,000 principal amount of Convertible Bonds of the Company to be issued to the holders of the 6% General Mortgage Bonds of James Equipment Limited at par and the 25,000 common shares of the Company to be issued at a valuation of $6. per share to the holders of the 6% General Mortgage Bonds of James Equipment Limited will be issued as fully paid. These securities of the Company, together with the cash consideration, represent the full purchase price of the said 6% General Mortgage Bonds of James Equipment Limited in the principal amount of $1,026,700 at par plus accrued interest.

The common and preferred shares of the Company referred to herein have been issued after giving effect to the supplementary letters patent issued to the Company and bearing date June 28, 1965, wherein the said 2,053 preferred shares with a par value of $100 each were created and the previously outstanding common shares were consolidated on a one for ten basis followed by the creation of an additional 925,000 common shares without nominal or par value ranking pari passu in all respects with the common shares of the Company resulting from the consolidation as aforesaid.

24. The particulars of the security created in connection with the Convertible Bonds of the Company are set out commencing on page 6 of this prospectus under the subcaption "Convertible Bonds" and in paragraph 9 of this Statutory Information. The Company intends to retire from earnings or moneys available for such purpose at the earliest date possible by arrangement with its bankers the outstanding first mortgage bonds of James Equipment Limited, a wholly owned subsidiary of the Company, through Consolidated James Equipment Limited, in the total principal amount of $2,500,000 whereupon the same will be cancelled and not reissued. Upon giving effect to the foregoing, the properties, assets and undertaking of James Equipment Limited will be subject to a first floating charge on all assets now or hereafter acquired by such Company and first fixed and specific charge on fixed assets under the provisions of the 6% General Mortgage Bonds of James Equipment Limited, all of which Bonds will be held by the Company and pledged as security for the Convertible Bonds of the Company.

25. No services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the securities offered by this prospectus or have been within the two years preceding the date hereof or are to be paid for by securities of the Company except the commission payable to Annett & Company Limited as set out in paragraph 12 of this Statutory Information.

26. No amount has been paid by the Company within the two years preceding the date hereof or is intended to be paid to any promoter.

27. The dates of and the parties to and the general nature of every material contract entered into by the Company within the two years preceding the date hereof, other than contracts entered into in the ordinary course of business carried on by the Company are as follows:

(i) the May Agreement referred to in paragraph 9 of this Statutory Information made between J. Morrison Pryde acting on behalf of all common and preferred shareholders of Consolidated and all holders of General Mortgage Bonds of James Equipment Limited, Consolidated, James Equipment Limited, The Clarkson Company Limited, Annett & Company Limited and the Company;

(ii) plan of compromise or arrangement under the Companies Creditors' Arrangement Act (Canada) which plan is more fully described on page 5 of this prospectus under the caption "Compromise and Arrangement with Creditors". A copy of the plan of compromise or arrangement may be examined during normal business hours at the Company's head office or at the offices of The Clarkson Company Limited, 15 Wellington Street West, Toronto, Ontario;

(iii) (a) agreements between the Company and James Equipment Limited (1) dated July 2, 1965 whereunder all of the current assets, patents and operations of James Equipment Limited were transferred to the Company effective July 1, 1965 and (2) dated July 5, 1965 whereunder one year leases were granted to the Company of the land, buildings and equipment comprising the plants at Sherbrooke and Calgary.

(b) agreement between the Company, its subsidiaries, London-Gilbert Steel Limited, Toronto Foundry Company Limited and The Clarkson Company Limited, as Receiver, dated June 4, 1965, confirming that

the subsidiary companies would not participate in the plan of compromise or arrangement in respect of their outstanding debts.

(iv) agreement dated July 2, 1965 between the Company, Annett & Company Limited and all of the parties listed in paragraph 22(i) of this Statutory Information as recipients of common shares being represented under authority to J. M. Pryde whereunder it was agreed that subscription warrants in respect of the 557,500 common shares referred to in such paragraph would not be issued. All of such shares will be held by a Trustee until after expiration of the record date referred to in paragraph 12 (a) of this Statutory Information, and will then be released subject to the terms of the escrow agreement referred to on page 6 of this prospectus under the caption "Capitalization".

Copies of the agreements referred to in (i), (iii) and (iv) hereof may be examined during normal business hours at the head office of the Company.

28. The Company has not within the two years preceding the date hereof nor does it propose to acquire any property in which any director of the Company is interested except as referred to in paragraph 22 of this Statutory Information.

29. The Company has been carrying on business for more than three years. Consolidated James Equipment Limited and James Equipment Limited have also been carrying on business for more than three years.

30. No person by reason of beneficial ownership of securities of the Company or under any agreement in writing is in a position to or is entitled to elect or cause to be elected a majority of the directors of the Company. George Maxwell Bell, 1031 Durham Avenue S. W., Calgary, James Fraser MacArthur, 1331 - 15th St. N. W., Calgary, and James Morrison Pryde, 2118 - 7th Avenue S. W., Calgary, voting together, could cause to be elected a majority of the Board of Directors of the Company.

31. To the knowledge of the undersigned no securities of the Company are held in escrow except 465,700 common shares without nominal or par value of the Company which will be held by National Trust Company, Limited in escrow upon the terms set forth on page 6 of this prospectus under the caption "Capitalization".

32. During the past five years, no dividends have been paid on any of the Company's shares.

33. The present directors, officers and management of the Company, excepting for Gerald Francis Hayden, were all appointed to their respective positions on or about June 30, 1965. A majority of such personnel were previously associated with Consolidated James Equipment Limited.

Further material facts may be found on pages 2 to 13 both inclusive of this prospectus.

DATED this 14th day of September, 1965.

CERTIFICATES

Directors

(signed) G. M. Bell

(signed) J. M. Thomson

(signed) J. F. MacArthur

(signed) H. J. Egan

(signed) J. M. Pryde

(signed) D. R. Annett

(signed) A. S. Williamson

(signed) Gerald F. Hayden

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), The Quebec Securities Act and Part IX of The Securities Act, 1955 (Alberta) and there is no further material information applicable other than in the financial statements or reports where required.

Underwriter

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), The Quebec Securities Act and Part IX of The Securities Act, 1955 (Alberta) and there is no further material information applicable other than in the financial statements or reports where

required. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

ANNETT & COMPANY LIMITED

By: J. B. Whitely

The following are the names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Annett & Company Limited: D. R. Annett, C. G. King, J. W. Annett, T. A. W. Duncan, J. B. Whitely and J. A. M. Belshaw.

PRINTED IN CANADA

THE FRANKLIN PRESS LIMITED, TORONTO

DISTRIBUTION OF COMMON STOCK AS OF 22nd JULY, 1965

Number							Shares
2,836	Holders of	1	—	99	share lots	....	30,446
63	" "	100	—	199	" "	....	8,199
21	" "	200	—	299	" "	....	4,975
6	" "	300	—	399	" "	....	1,988
6	" "	400	—	499	" "	....	2,580
9	" "	500	—	999	" "	....	5,973
10	" "	1000	—	up	" "	....	560,882
2,951	Shareholders					Total shares	615,043

DISTRIBUTION OF COMMON STOCK AS OF 27th OCTOBER, 1965

Number							Shares
2,541	Holders of	1	—	99	share lots	....	33,580
132	" "	100	—	199	" "	....	13,389
27	" "	200	—	299	" "	....	5,319
20	" "	300	—	399	" "	....	6,689
9	" "	400	—	499	" "	....	3,392
19	" "	500	—	999	" "	....	13,616
32	" "	1000	—	up	" "	....	621,411
2,780	Shareholders					Total shares	697,396